MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides a review of the operations, financial results and outlook for Tamarack Valley Energy Ltd. ("Tamarack" or the "Company") for the three months and years ended December 31, 2024 and 2023. This MD&A is dated as at February 24, 2025 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2024 and 2023 ("Annual Financial Statements"). Additional information relating to Tamarack, including the Company's Annual Information Form for the year ended December 31, 2024, is available on SEDAR+ at www.sedarplus.ca and Tamarack's website at www.tamarackvalley.ca. The Company uses certain Non-GAAP Financial Measures, Non-GAAP Financial Ratios, Capital Management Measures and Capital Management Ratios in this MD&A. Certain Supplemental Financial Measures are also presented on a per boe, per share or on a percentage basis. For additional information regarding these measures, refer to the "Advisories and guidance" section of this MD&A. Unless otherwise noted, all references to amounts are in Canadian ("CAD") currency.

About Tamarack Valley Energy Ltd.

Tamarack is a corporation engaged in the exploration, development, production and sale of oil and natural gas in the Western Canadian Sedimentary Basin. The Company is currently developing two core projects in Northern Alberta – a Clearwater heavy oil position at Nipisi, Marten Hills and South Clearwater and a Charlie Lake light oil position at Valhalla, Wembley and Pipestone. Tamarack also manages an enhanced oil recovery portfolio of diverse assets across Alberta.

As of December 31, 2024, the Company held over 680 sections of acreage across the Clearwater fairway with 134.5 million boe of total gross proved plus probable reserves[1]. The Clearwater formations are characterized by strong economics supported by a low cost structure, low production declines and multiple payouts on initial investment. The formation also has enhanced recovery potential. Tamarack produced over 40,000 boe per day of heavy oil and natural gas (93% liquids) from the Clearwater in 2024.

Tamarack holds over 240 sections of Charlie Lake acreage with 70.8 million boe of total gross proved plus probable reserves[1] providing the Company with extensive light oil development opportunities through multi-well pad drilling with extended horizontal reach. The Charlie Lake formations are characterized by short payout periods and low break-even economics. The Company produced over 15,000 boe per day of oil and natural gas (68% liquids) from Charlie Lake in 2024.

Tamarack has 103 employees at the corporate head office and seven employees at field level operations. The Company is incorporated and domiciled in Alberta, Canada with the head office located at Suite 1700, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1. Tamarack is a publicly traded company on the Toronto Stock Exchange ("TSX") and is traded under the symbol "TVE".

2024 Year in review

Tamarack delivered strong fourth quarter results generating production of 66,104 boe per day, adjusted funds flow[2] of $223.4 million and free funds flow[2] of $89.2 million despite softening commodity prices in the quarter. For the full year, Tamarack delivered free cash flow[2] of $386.9 million and returned over $215.0 million to shareholders through dividends and share buybacks. Since the start of the year, the NCIB program has now retired 6% of the common share float with additional buybacks expected in 2025. Net debt[2] was reduced by 21%, or $208.1 million, bringing the ratio of net debt to annualized Q4 adjusted funds flow[2] to 0.9 (2023 - 1.3).

Tamarack continues to partner with local communities. In September 2024, the Company expanded the Clearwater Infrastructure Partnership by adding a 13th Indigenous Community to the arrangement. To date, Tamarack has contributed $220.8 million of infrastructure assets to the partnership and received over $180 million of cash that has been utilized to reduce the Company's net debt over the past two years. The arrangement has provided a unique and long-term source of secured financing for Tamarack while also fostering relationships with local stakeholders and enhancing economic prosperity in the region.

Margins continue to improve with better price realizations, lower lifting costs and improved capital efficiencies. Tamarack also continues to expand the core asset base. Year-over-year, Proved Plus Probable Reserves have increased by 6% from ongoing drilling, development and waterflood initiatives.

(1) Based upon the independent reserves evaluations conducted by McDaniel & Associates Consultants Ltd. ("McDaniel") and GLJ Ltd. ("GLJ"), as at December 31, 2024. Refer to "Advisories and guidance" for additional information about the independent reserves evaluations conducted by McDaniel and GLJ.
(2) Refer to "Advisories and guidance" for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.

Q4 2024 operational and financial highlights

	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
($ thousands, except per share amounts)						
Oil and natural gas sales	**$ 426,482**	$ 418,864	2	**$ 1,720,732**	$ 1,702,930	1
Cash provided by operating activities	**201,798**	215,981	(7)	**833,212**	631,626	32
Per share – basic(1)	**0.38**	0.39	(3)	**1.54**	1.13	36
Per share – diluted(1)	**0.38**	0.39	(3)	**1.52**	1.13	35
Adjusted funds flow(1)	**223,431**	194,771	15	**850,960**	764,494	11
Per share – basic(1)	**0.42**	0.35	20	**1.57**	1.37	15
Per share – diluted(1)	**0.42**	0.35	20	**1.56**	1.37	14
Free funds flow(1)	**89,208**	58,927	51	**386,901**	235,130	65
Per share – basic(1)	**0.17**	0.11	55	**0.71**	0.42	69
Per share – diluted(1)	**0.17**	0.11	55	**0.71**	0.42	69
Net income	**6,382**	57,322	(89)	**162,219**	94,196	72
Per share – basic	**0.01**	0.10	(90)	**0.30**	0.17	76
Per share – diluted	**0.01**	0.10	(90)	**0.30**	0.17	76
Net debt(1)	**775,438**	983,585	(21)	**775,438**	983,585	(21)
Investments in oil and natural gas assets	**127,311**	127,704	(0)	**450,905**	516,456	(13)
Weighted average shares outstanding						
Basic	**529,136**	556,699	(5)	**542,530**	556,527	(3)
Diluted	**533,845**	560,008	(5)	**546,940**	560,032	(2)
Average daily production						
Heavy oil (bbls/d)	**39,341**	37,447	5	**38,082**	35,788	6
Light oil (bbls/d)	**13,822**	14,928	(7)	**14,271**	16,326	(13)
NGL (bbls/d)	**2,841**	2,769	3	**2,556**	3,536	(28)
Natural gas (mcf/d)	**60,602**	58,419	4	**56,529**	68,302	(17)
Total (boe/d)	**66,104**	64,881	2	**64,331**	67,034	(4)
Average sale prices						
Heavy oil ($/bbl)	**$ 79.69**	$ 74.28	7	**$ 82.37**	$ 75.84	9
Light oil ($/bbl)	**94.30**	99.79	(6)	**96.12**	98.64	(3)
NGL ($/bbl)	**32.84**	42.31	(22)	**37.51**	41.67	(10)
Natural gas ($/mcf)	**1.71**	2.82	(39)	**1.72**	2.84	(39)
Total ($/boe)	**70.12**	70.17	(0)	**73.08**	69.60	5
Benchmark pricing						
West Texas Intermediate (US$/bbl)	**70.27**	78.32	(10)	**75.72**	77.62	(2)
Western Canadian Select (WCS) (C$/bbl)	**80.74**	76.96	5	**83.52**	79.53	5
WCS differential (US$/bbl)	**12.56**	21.89	(43)	**14.76**	18.70	(21)
Edmonton Par (Cdn$/bbl)	**94.90**	99.69	(5)	**97.54**	100.39	(3)
Edmonton Par differential (US$/bbl)	**2.42**	5.19	(53)	**4.51**	3.25	39
Foreign Exchange (USD to CAD)	**1.40**	1.36	3	**1.37**	1.35	1
Operating netback ($/boe)						
Realized sales price	**70.12**	70.17	(0)	**73.08**	69.60	5
Royalty expenses	**(13.42)**	(13.81)	(3)	**(14.33)**	(12.97)	10
Net production expenses(1)	**(7.11)**	(8.89)	(20)	**(8.60)**	(9.49)	(9)
Transportation expenses	**(3.30)**	(3.56)	(7)	**(3.43)**	(3.90)	(12)
Carbon tax	**(0.05)**	(2.53)	(98)	**(0.31)**	(0.65)	(52)
Operating field netback ($/boe)(1)	**46.24**	41.38	12	**46.41**	42.59	9
Realized commodity hedging gain (loss)	**(1.59)**	0.80	nm	**(0.48)**	(1.23)	(61)
Operating netback ($/boe)(1)	**$ 44.65**	$ 42.18	6	**$ 45.93**	$ 41.36	11
Adjusted funds flow ($/boe)(1)	**$ 36.74**	$ 32.63	13	**$ 36.14**	$ 31.25	16

(1) Refer to "Advisories and guidance" for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.

Highlights for the three months and year ended December 31, 2024

Production - Production in the fourth quarter of 2024 averaged 66,104 boe per day. The 2% increase in production compared to the fourth quarter of 2023 was primarily due to a successful 2024 development program. Full year production of 64,331 boe per day was 4% lower compared to the prior year primarily due to the non-core Cardium asset disposition in November 2023, partially offset by ongoing drilling and development programs in both the Clearwater and Charlie Lake in 2024. The Company's oil and liquids weighting increased to 85% in 2024, compared to 83% in 2023, primarily due to the higher relative natural gas-weighted dispositions and oil-weighted production from Clearwater wells brought on stream in the year.

Realizations - Tamarack has continued to drive higher margins through improved heavy oil price realizations from ongoing marketing initiatives. In 2024, the Company's heavy oil price differential, net of transportation expenses(1) relative to the Western Canadian Select benchmark price, improved by 45% compared to 2023 from $8.87 per bbl down to $4.92 per bbl. The Company's average gross realized price for its CWH blend (Clearwater Heavy Oil) continues to trade closely in line with the WCS benchmark price as a result of ongoing marketing initiatives.

Cash Flows - Tamarack delivered cash provided by operating activities of $201.8 million and $833.2 million during the three months and year ended December 31, 2024, respectively. The Company also delivered fourth quarter and full year adjusted funds flow(1) of $223.4 million and $851.0 million, respectively, which were supported by production outperformance, strong heavy oil price realizations and lower net production and transportation expenses.

Investments in Oil and Natural Gas Assets –Tamarack invested $439.3 million in 2024 primarily for ongoing development of the Clearwater and Charlie Lake plays, excluding $11.6 million of projects for the Clearwater Infrastructure Partnership. The Company drilled 101.5 net Clearwater heavy oil wells and 14.4 net Charlie Lake light oil wells. Investments also included numerous infrastructure expansion projects in the Clearwater area for gas conservation, field interconnect pipelines, oil treating and water injection. These infrastructure investments have continued to facilitate production growth, net production expense reductions and the abatement of greenhouse gas emissions.

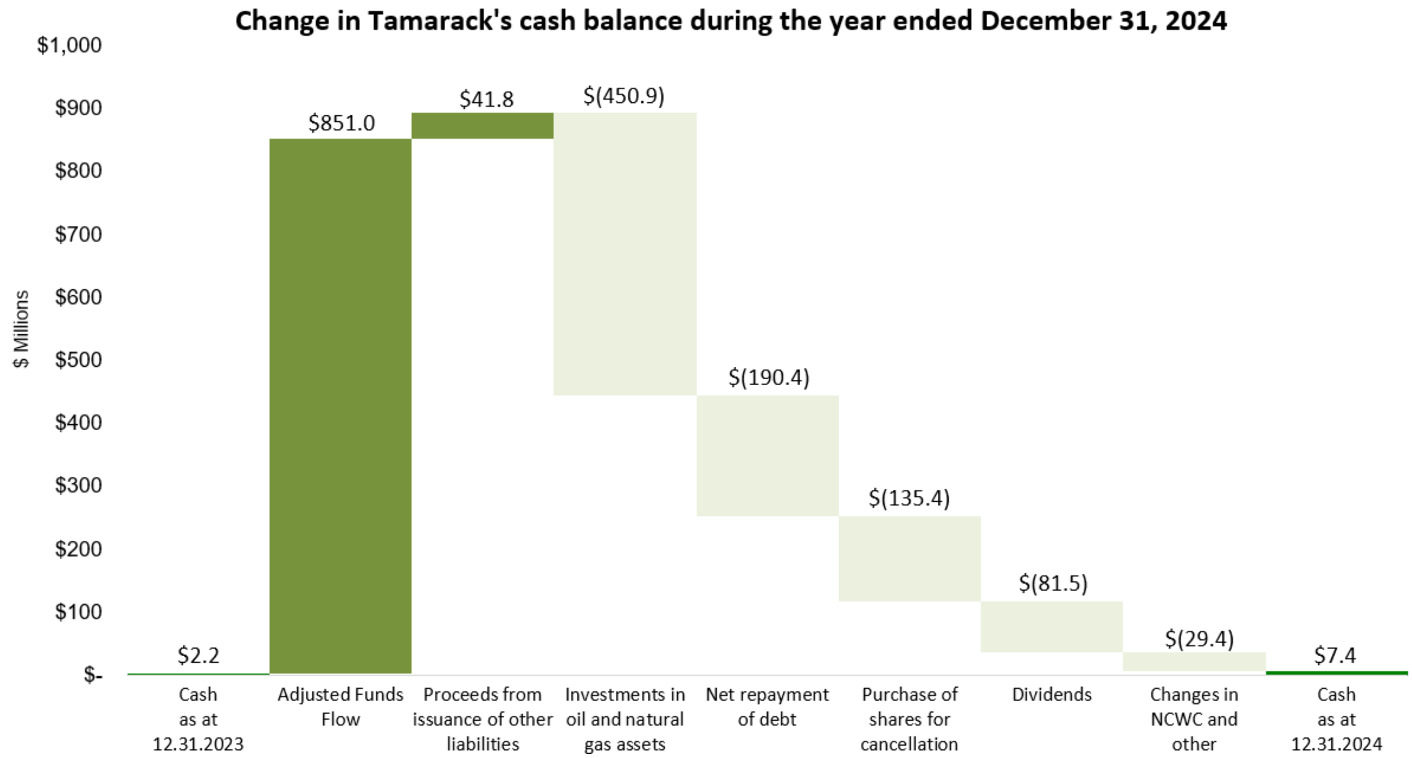
Clearwater Infrastructure Partnership Expansion - On September 17, 2024, Tamarack expanded the Clearwater Infrastructure Partnership to include a 13th Indigenous community to the arrangement. Under the terms of the expansion, Tamarack transferred additional Clearwater assets with a fair value of $50.8 million to the partnership for cash consideration of $43.2 million before transaction costs and a retained 15% operated working interest in exchange for higher fees over the existing 16-year term. The funds were utilized to reduce the Company's net debt in the near term.

Shareholder Returns – During the year, the Company repurchased and cancelled 33.9 million common shares (6% of the common share float) at a total cost of $135.4 million and declared base dividends to shareholders of $81.5 million. Since the beginning of 2022, Tamarack has returned over $350.0 million to shareholders in the form of dividends and share buybacks. Tamarack increased its annualized dividend of $0.15/share to $0.153/share in November 2024 allowing the Company to maintain a base level of gross annual dividend distributions with ongoing share buybacks.

Balance Sheet – Strong free funds flow(1) in 2024 of $386.9 million, together with proceeds from the Clearwater Infrastructure Partnership expansion and other dispositions, has allowed the Company to reduce its Net Debt(1) by $208.1 million for the full year to $775.4 million. At December 31, 2024, Tamarack had undrawn capacity of $423.4 million under the Credit Facility, plus an uncommitted accordion feature which gives the Company access to an incremental $125.0 million of secured debt, subject to certain conditions. All of the Company's outstanding long-term debt matures beyond 2026.

Reserves – As at December 31, 2024, gross proved developed producing reserves(2) were 69.2 million boe, an 8% increase compared to 2023, replacing 127% of production year-over-year. The Company's total gross proved and probable reserves(2) were 238.3 million boe, a 6% increase compared to 224.3 million boe, replacing 179% of production on gross proved plus probable basis. The increases were primarily due to reserve additions through ongoing drilling and development activities at Clearwater and Charlie Lake, partially offset by non-core asset dispositions. Tamarack's proved plus probable reserves are estimated to have a pre-tax net present value of approximately $5.14 billion using a 10% discount rate.

(1) Refer to "Advisories and guidance" for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.
(2) Refer to "Advisories and guidance" for important additional information about the independent reserves evaluations conducted by McDaniel and GLJ.



Refer to "Advisories and guidance" for Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures. NCWC = non-cash working capital.

Reserves update

Year ended December 31	**2024**		2023	
Reserves Category[1]	**Mboe**	**$MM[2]**	Mboe	$MM[2]
Gross proved developed producing reserves	**69,248**	**1,887**	63,886	1,613
Gross proved reserves	**137,647**	**3,028**	127,830	2,562
Gross proved plus probable reserves	**238,256**	**5,142**	224,277	4,476

(1) Refer to “Advisories and guidance” for important additional information about the independent reserves evaluations conducted by McDaniel and GLJ.
(2) Estimated pre-tax net present value of discounted cash flows from reserves using a 10% discount rate.

McDaniel and GLJ, the Company’s independent, qualified reserves evaluators, performed reserves evaluations of the Company’s assets as at December 31, 2024 and 2023. As at December 31, 2024, the Company's total gross proved plus probable reserves were 238.3 million boe, a 6% increase compared to 224.3 million boe in the prior year. The increase was primarily due to reserve additions through ongoing drilling and development activities at Clearwater and Charlie Lake, partially offset by the sale of the Company’s Redwater and Penny Banff assets and production in the year. Tamarack’s 2P reserves are estimated to have a pre-tax net present value of approximately $5.14 billion using a 10% discount rate (December 31, 2023 - $4.48 billion).

2025 outlook

2025 Outlook **For the year ended December 31**	**Guidance (Dec. 4, 2024)** **2025**
Base 2025 capital investments budget ($ millions)[1]	**430 - 450**
Annual average production (boe/d)	**65,000 - 67,000**
Average oil & NGL weighting (%)	**83 - 85**
Royalty rate (%)	**20 - 22**
Corporate wellhead price differential - Oil	**1.50 - 2.50**
Net production[2] ($/boe)	**8.40 - 8.90**
Transportation ($/boe)	**3.75 - 4.25**
General and administrative ($/boe)	**1.30 - 1.45**
Interest ($/boe)	**2.90 - 3.30**
Income taxes (% of Adjusted Funds flow[2] before tax)	**10 - 12**

(1) Amounts exclude asset retirement obligations, acquisitions and dispositions.
(2) Refer to "Advisories and guidance” for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.

Approximately two thirds of the Company's 2025 capital investment program is dedicated towards sustaining drilling and development of the core Clearwater and Charlie Lake asset areas. The remaining program is committed to growth and waterflood initiatives at Nipisi, Marten Hills and West Marten, supporting near term production and longer-term decline mitigations.

The Company plans to run a continuous, one-rig drilling program at Pipestone and Wembley throughout the year. The Charlie Lake remains well positioned to deliver incremental production following the commencement of the CSV Albright sour natural gas plant. Startup of the third-party natural gas processing facility is uncertain and is not anticipated to impact Tamarack's full year production forecast.

Ongoing investments are expected to deliver production of 65,000 – 67,000 boe per day, reflecting a 3-5% increase in average production year-over-year. Tamarack currently intends to utilize the majority of any free funds flow generated from the business to pay dividends, return capital to shareholders through share repurchases and reduce net debt.

2024 Review

2024 Results For the year ended December 31	Original guidance (December 2023) 2024	Revised guidance (October 2024) 2024	Actual 2024
Capital investments, excluding CIP(1) ($ millions)	410 - 460	440	**439.3**
Annual average production (boe/d)	61,000 - 63,000	63,000 - 64,000	**64,331**
Average oil & NGL weighting (%)	84 - 86	84 - 86	**85**
Royalty rate (%)	20 - 22	20 - 22	**20**
Corporate wellhead price differential - Oil	N/A	2.00 - 3.00	**1.22**
Net production ($/boe)(2)	8.75 - 9.25	8.75 - 9.25	**8.60**
Transportation ($/boe)	3.25 - 3.60	3.45 - 3.75	**3.43**
Carbon tax ($/boe)	1.00 - 1.50	0.25 - 0.50	**0.31**
General and administrative ($/boe)	1.35 - 1.50	1.35 - 1.50	**1.39**
Interest ($/boe)	3.80 - 4.20	3.25 - 3.75	**3.42**
Income taxes (% of Adjusted funds flow before tax)	9 - 11	11 - 13	**11**

(1) The Company's consolidated capital investments for the year ended December 31, 2024 was $450.9 million including gas conversation projects in respect of the Clearwater Partnership.
(2) Refer to "Advisories and guidance" for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.

Production exceeded guidance from ongoing drilling results, waterflood initiatives and investments in natural gas capture infrastructure. The corporate wellhead price differential was lower than guidance primarily due to improved trading differentials driven by optimized delivery points for trucked volumes and the sales of CWH product (Clearwater Heavy Oil). Net production expenses were below guidance primarily due to field infrastructure investments, lower trucking costs from waterflood reinjection, lower energy costs, pipeline connections and higher production. Carbon taxes were below original guidance primarily due to investments in gas gathering and other field gas conservation infrastructure to mitigate the impact of the carbon emissions. Interest expense was below original guidance from higher net debt reduction and lower interest rates.

Production

	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Production						
Heavy oil (bbls/d)	**39,341**	37,447	5	**38,082**	35,788	6
Light oil (bbls/d)	**13,822**	14,928	(7)	**14,271**	16,326	(13)
Natural gas liquids (bbls/d)	**2,841**	2,769	3	**2,556**	3,536	(28)
Natural gas (mcf/d)	**60,602**	58,419	4	**56,529**	68,302	(17)
Total (boe/d)	**66,104**	64,881	2	**64,331**	67,034	(4)
Total (boe)	**6,081,672**	5,968,974	2	**23,544,923**	24,467,405	(4)
Percentage of oil and NGLs	**85%**	85%	-	**85%**	83%	2

Tamarack's production for the three months ended December 31, 2024 increased by 2% compared to the same period in the prior year primarily due to the Company's ongoing drilling and development programs in the Clearwater and Charlie Lake areas. Production decreased by 4% during the year ended December 31, 2024 compared to the same period in 2023, primarily due to non-core property dispositions in the fourth quarter of 2023 and first half of 2024 and base declines, partially offset by higher production from the Company's ongoing drilling and development programs.

Tamarack's oil and NGL weighting for the year ended December 31, 2024 remained consistent, increasing by 2% compared to 2023, primarily due to the higher relative natural gas-weighted property disposition in Q4 2023 and oil-weighted Clearwater oil wells brought on stream during the year.

Benchmark prices

December 31	Three months ended 2024	2023	% change	Year ended 2024	2023	% change
West Texas Intermediate (WTI) (US$/bbl)	**$ 70.27**	$ 78.32	(10)	**$ 75.72**	$ 77.62	(2)
Western Canadian Select (WCS/Hardisty Heavy)(Cdn$/bbl)	**80.74**	76.96	5	**83.52**	79.53	5
WCS differential, relative to WTI (US$/bbl)	**12.56**	21.89	(43)	**14.76**	18.70	(21)
Edmonton Par (light sweet) (Cdn$/bbl)	**94.90**	99.69	(5)	**97.54**	100.39	(3)
Edmonton Par differential, relative to WTI (US$/bbl)	**2.42**	5.19	(53)	**4.51**	3.25	39
NYMEX monthly settlement (US$/mmbtu)	**2.79**	2.88	(3)	**2.27**	2.74	(17)
AECO monthly index (Cdn$/mcf)	**1.45**	2.64	(45)	**1.43**	2.92	(51)
Foreign exchange (USD to CAD)	**1.40**	1.36	3	**1.37**	1.35	1

The price of West Texas Intermediate ("WTI") for crude oil sales at Cushing, Oklahoma is the primary benchmark for crude oil pricing in North America. The differential price between Western Canadian crude and WTI is impacted by multiple factors including domestic production, inventory levels, pipeline capacity, US refinery intake capacity and storage constraints in Canada. The price that Tamarack receives for the sale of its crude oil is discounted for delivery points in Alberta and adjusted for quality based on the actual density of the oil relative to the quoted benchmark.

During the three months and year ended December 31, 2024, the WTI benchmark decreased by 10% and 2%, respectively, compared to the same periods in 2023. While the regional conflict in the middle east and Ukraine persisted and OPEC continued to impact markets, weaker demand from China was the biggest driver to softening WTI prices, particularly in the second half of the year.

The WCS differential strengthened by 43% in Q4 2024 and by 21% for the full year, primarily due to the additional egress provided by the TMX pipeline and low inventories of heavy grade crude in both Canada and the United States, partially offset by higher seasonal diluent blending ratios in the winter season. The Edmonton Par differential strengthened by 53% in the fourth quarter primarily due to higher light oil volumes flowing west. For the full year, light oil differentials widened by 39% primarily due to over-supply of sweet oil in Alberta and higher inventory balances in the first half of the year. Natural gas benchmarks continued to stay weak in 2024 from higher production in the WCSB, lower demand and persistently high natural gas storage levels following milder weather.

Oil and natural gas sales

($ thousands, except per unit) December 31	Three months ended 2024	2023	% change	Year ended 2024	2023	% change
Revenue						
Heavy oil	**$ 288,428**	$ 255,895	13	**$ 1,148,018**	$ 990,606	16
Light oil	**119,918**	137,041	(12)	**502,070**	587,798	(15)
Natural gas	**9,553**	15,151	(37)	**35,559**	70,745	(50)
Natural gas liquids	**8,583**	10,777	(20)	**35,085**	53,781	(35)
Total	**$ 426,482**	$ 418,864	2	**$ 1,720,732**	$ 1,702,930	1
Average realized price:						
Heavy oil ($/bbl)	**$ 79.69**	$ 74.28	7	**$ 82.37**	$ 75.84	9
Light oil ($/bbl)	**94.30**	99.79	(6)	**96.12**	98.64	(3)
Natural gas ($/mcf)	**1.71**	2.82	(39)	**1.72**	2.84	(39)
Natural gas liquids ($/bbl)	**32.84**	42.31	(22)	**37.51**	41.67	(10)
Combined average oil and NGL ($/boe)	**80.93**	79.58	2	**83.85**	80.36	4
Oil and natural gas sales ($/boe)	**$ 70.12**	$ 70.17	(0)	**$ 73.08**	$ 69.60	5

For the three months ended December 31, 2024, revenues increased by $7.6 million compared to the same period in 2023, due to $7.9 million from higher production partially offset by $0.3 million from lower realized prices. For the year ended December 31, 2024 revenues increased by $17.8 million compared to the same period in 2023, due to $85.2 million from higher realized prices, partially offset by $67.4 million from lower production.

The Company's realized price held flat at $70.12 per boe during the three months ended December 31, 2024, compared to the same quarter in 2023 as the higher foreign exchange rate and narrowing of the WCS and MSW differentials mostly offset the lower oil and natural gas benchmark prices. The Company's realized price increased by 5% during the year ended December 31, 2024, compared to the same period in the prior year, primarily due to stronger WCS differentials and foreign exchange to a smaller extent. Tamarack has continued to drive higher margins through improved heavy oil price realizations from ongoing marketing initiatives.

The following table summarizes the Company's wellhead price realizations relative to quoted benchmark prices:

	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Heavy oil wellhead price realization ($/bbl)						
Hardisty Heavy benchmark price	**$ 80.74**	$ 76.96	5	**$ 83.52**	$ 79.53	5
Less: Tamarack's heavy oil realized price	**(79.69)**	(74.28)	7	**(82.37)**	(75.84)	9
Heavy oil wellhead price differential[1]	**$ 1.05**	$ 2.68	(61)	**$ 1.15**	$ 3.69	(69)
Add: Transportation expenses - heavy oil	**3.37**	4.22	(20)	**3.77**	5.18	(27)
Heavy oil differential, including transportation expenses[1]	**$ 4.42**	$ 6.90	(36)	**$ 4.92**	$ 8.87	(45)
Light oil wellhead price realization ($/bbl)						
Edmonton Par benchmark price	**$ 94.90**	$ 99.69	(5)	**$ 97.54**	$ 100.39	(3)
Less: Tamarack's light oil realized price	**(94.30)**	(99.79)	(6)	**(96.12)**	(98.64)	(3)
Light oil wellhead price differential[1]	**0.60**	(0.10)	(700)	**1.42**	1.75	(19)
Add: Transportation expenses - light oil	**4.14**	3.26	27	**3.58**	2.91	23
Light oil differential, including transportation expenses[1]	**$ 4.74**	$ 3.16	50	**$ 5.00**	$ 4.66	7

(1) Refer to "Advisories and guidance" for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.

During the three months and year ended December 31, 2024, the Company's heavy oil differential including transportation expenses improved by 36% and 45% compared to the same periods in 2023, respectively, reflecting the impact of higher flows into the Secure-Pembina Nipisi pipeline and blending terminal, optimized sales points for trucked heavy oil production, strong trading differentials and the sales of CWH product (Clearwater Heavy Oil). Tamarack also recognized crown royalty transportation cost recoveries which improved the Heavy oil differential in 2024.

During the fourth quarter of 2024, the Company's light oil differential including transportation expenses increased by 50%, compared to the same period in the prior year, primarily due to the disposition of Tamarack's Cardium asset in Q4 2023 which had lower relative transportation expenses on a per boe basis compared to the Charlie Lake area.

Risk management

($ thousands, except per boe)	Three months ended		Year ended	
December 31	**2024**	2023	**2024**	2023
Realized gain (loss)	**$ (9,649)**	$ 4,803	**$ (11,291)**	$ (30,089)
Unrealized gain (loss)	**(45,196)**	60,102	**(51,581)**	46,248
Total risk management contracts	**$ (54,845)**	$ 64,905	**$ (62,872)**	$ 16,159
Realized gain (loss) ($/boe)	**$ (1.59)**	$ 0.80	**$ (0.48)**	$ (1.23)

Changes in crude oil benchmarks and price differentials can have a significant impact on Tamarack's oil and natural gas sales, cash provided by operating activities and adjusted funds flow. Tamarack enters into risk management contracts on a prudent, non-speculative basis in order to reduce liquidity risk and stabilize near-term adjusted funds flow which allows the Company to fund capital investment programs, net debt reduction and the return of capital to shareholders.

Risk management instruments are measured at their estimated fair market value at each reporting period. An unrealized gain on commodity risk management contracts reflects a non-cash increase in value resulting from a decline in future estimated commodity prices relative to Tamarack's contract positions. A realized commodity risk management contract gain reflects the cash settlement of the Company's fixed price position in excess of lower actual underlying market prices at the maturity date. Realized and unrealized losses generally result from increases in actual and future estimated commodity prices, respectively.

As at December 31, 2024, Tamarack's outstanding commodity risk management contracts had a net liability value of $15.7 million (December 31, 2023 – $35.9 million net asset).

Royalties

($ thousands, except per boe)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Total royalty expenses	**$ 81,597**	$ 82,428	(1)	**$ 337,378**	$ 317,303	6
Total ($/boe)	**13.42**	13.81	(3)	**14.33**	12.97	10
Percentage of sales (%)	**19**	20	(5)	**20**	19	5

For the year ended December 31, 2024 and 2023, royalty expenses averaged 19-20% of oil and natural gas sales. For the year ended December 31, 2024, gross royalty expense increased by 6% compared to the same period in 2023, primarily due to a higher number of wells no longer subject to pre-payout royalty rates.

Net production expenses

($ thousands, except per boe)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Production expenses	**$ 43,497**	$ 55,565	(22)	**$ 205,204**	$ 235,813	(13)
Less: processing income	**(267)**	(2,506)	(89)	**(2,634)**	(3,735)	(29)
Total net production expenses[1]	**$ 43,230**	$ 53,059	(19)	**$ 202,570**	$ 232,078	(13)
Total ($/boe)[1]	**$ 7.11**	$ 8.89	(20)	**$ 8.60**	$ 9.49	(9)

(1) Refer to "Advisories and guidance" for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.

For the three months and year ended December 31, 2024, per unit net production expenses decreased 20% and 9%, respectively, compared to the same periods in 2023, primarily due to field infrastructure investments, lower trucking costs from waterflood reinjection, lower energy costs, pipeline connections and the realization of synergies across the Clearwater asset areas at Nipisi and Marten Hills. Fourth quarter net production expenses were decreased by one-time cost recoveries. Net production expenses also declined from non-core property dispositions in Q4 2023 and H1 2024 which carried higher relative operating costs on a per barrel basis relative to Tamarack's corporate averages on retained assets.

Transportation expenses

($ thousands, except per boe)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Transportation expense - oil	**$ 17,472**	$ 19,018	(8)	**$ 71,175**	$ 84,987	(16)
Transportation expense - gas	**2,619**	2,258	16	**9,552**	10,351	(8)
Total transportation expenses	**$ 20,091**	$ 21,276	(6)	**$ 80,727**	$ 95,338	(15)
Total ($/boe)	**$ 3.30**	$ 3.56	(7)	**$ 3.43**	$ 3.90	(12)

(1) Pipeline tariffs are generally classified as transportation expenses when the Company has firm commitments or contractual arrangements on the pipeline. Pipeline tariffs may also be included indirectly as a deduction from the base price paid by a purchaser of Tamarack's oil, NGL and gas sales. In the latter case, the tariffs are reflected as a reduction of revenue.

For the three months and year ended December 31, 2024, transportation expenses per boe decreased by 7% and 12%, respectively, compared to the same periods in 2023, primarily due to lower transportation expenses in respect of the Company's Secure-Pembina Nipisi pipeline oil transportation contract, pipeline infrastructure investments and reduced trucking activities. The Company also recognized certain crown royalty transportation cost recoveries during the third quarter of 2024.

Carbon tax

($ thousands, except per boe)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Carbon tax	**$ 284**	$ 15,091	(98)	**$ 7,226**	$ 15,915	(55)
Total ($/boe)	**$ 0.05**	$ 2.53	(98)	**$ 0.31**	$ 0.65	(52)

For the year ended December 31, 2024, carbon tax expenses decreased by 55% compared to the same period in 2023 primarily due to investments in gas gathering and other field gas conservation infrastructure to mitigate the impact of the carbon emissions from flaring and vent volumes on field gathering systems acquired in 2022.

Operating netback

($/boe)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Oil and natural gas sales	**$ 70.12**	$ 70.17	(0)	**$ 73.08**	$ 69.60	5
Royalty expenses	**(13.42)**	(13.81)	(3)	**(14.33)**	(12.97)	10
Net production expenses[1]	**(7.11)**	(8.89)	(20)	**(8.60)**	(9.49)	(9)
Transportation expenses	**(3.30)**	(3.56)	(7)	**(3.43)**	(3.90)	(12)
Carbon tax	**(0.05)**	(2.53)	(98)	**(0.31)**	(0.65)	(52)
Operating field netback[1]	**$ 46.24**	$ 41.38	12	**$ 46.41**	$ 42.59	9
Realized hedging gain (loss)	**(1.59)**	0.80	nm	**(0.48)**	(1.23)	(61)
Operating netback[1]	**$ 44.65**	$ 42.18	6	**$ 45.93**	$ 41.36	11

(1) Refer to "Advisories and guidance" for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.

($ thousands)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Oil and natural gas sales	**$ 426,482**	$ 418,864	2	**$ 1,720,732**	$ 1,702,930	1
Royalty expenses	**(81,597)**	(82,428)	(1)	**(337,378)**	(317,303)	6
Net production expenses[(1)]	**(43,230)**	(53,059)	(19)	**(202,570)**	(232,078)	(13)
Transportation expenses	**(20,091)**	(21,276)	(6)	**(80,727)**	(95,338)	(15)
Carbon tax	**(284)**	(15,091)	(98)	**(7,226)**	(15,915)	(55)
Operating field netback[(1)]	**$ 281,280**	$ 247,010	14	**$ 1,092,831**	$ 1,042,296	5
Realized hedging gain (loss)	**(9,649)**	4,803	nm	**(11,291)**	(30,089)	(62)
Operating netback[(1)]	**$ 271,631**	$ 251,813	8	**$ 1,081,540**	$ 1,012,207	7

(1) Refer to "Advisories and guidance" for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.

For the three months ended December 31, 2024, the operating netback per boe increased 6% compared to the same period in 2023, primarily due to lower net production, transportation and carbon tax expenses. For the year ended December 31, 2024, the operating netback per boe increased by 11% compared to the prior year, primarily due to higher heavy oil commodity prices, lower net production, transportation and carbon tax expenses and lower realized hedging losses partially offset by higher royalty rates. Carbon taxes declined from ongoing emission abatement initiatives in the Clearwater area and lower market prices for carbon credits.

General and administrative ("G&A") expenses

($ thousands, except per boe)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
G&A costs	**$ 13,316**	$ 12,117	10	**$ 48,121**	$ 44,068	9
Less: capitalized costs and recoveries	**(5,214)**	(4,255)	23	**(15,415)**	(12,708)	21
G&A expenses	**$ 8,102**	$ 7,862	3	**$ 32,706**	$ 31,360	4
Total ($/boe)	**$ 1.33**	$ 1.32	1	**$ 1.39**	$ 1.28	9

For the year ended December 31, 2024, G&A costs per boe increased by 9% compared to the same period in 2023, primarily due to increased staffing costs, higher legal and consulting expenses and lower production.

Stock-based compensation expense

($ thousands, except per boe)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Stock-based compensation costs	**$ 8,320**	$ 1,407	nm	**$ 24,528**	$ 17,437	41
Less: capitalized costs	**(2,535)**	(871)	nm	**(6,968)**	(4,368)	60
Stock-based compensation expense	**$ 5,785**	$ 536	nm	**$ 17,560**	$ 13,069	34
Total ($/boe)	**$ 0.95**	$ 0.09	nm	**$ 0.75**	$ 0.53	42

Compared to the same periods in the prior year, stock-based compensation expense for the three months and year ended December 31, 2024 increased primarily due to growth in Tamarack's share price in 2024, relative to a share price decline in 2023.

Finance expense

($ thousands, except per boe)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Syndicated Facility	**$ 7,599**	15,405	(51)	**$ 42,012**	$ 61,329	(31)
Senior Notes	**5,452**	5,452	-	**21,750**	21,750	-
Clearwater infrastructure liability	**4,635**	671	nm	**15,501**	671	nm
DAP Notes	**-**	1,512	(100)	**792**	10,425	(92)
Other interest and fees	**28**	(107)	nm	**579**	1,709	(66)
Cash interest expense	**$ 17,714**	$ 22,933	(23)	**$ 80,634**	$ 95,884	(16)
Deferred borrowing costs and loan accretion	**3,897**	2,099	86	**9,786**	7,839	25
Unrealized foreign exchange (gain) loss on debt	**6,330**	(5,767)	nm	**8,967**	(4,335)	nm
Unrealized (gain) loss on cross-currency swaps	**(6,602)**	5,830	nm	**(9,331)**	4,418	nm
Accretion of asset retirement obligations	**1,318**	1,970	(33)	**5,782**	8,073	(28)
Finance expense	**$ 22,657**	$ 27,065	(16)	**$ 95,838**	$ 111,879	(14)
Total finance expense ($/boe)	**$ 3.73**	$ 4.53	(18)	**$ 4.07**	$ 4.57	(11)
Total cash interest expense ($/boe)	**$ 2.91**	$ 3.84	(24)	**$ 3.42**	$ 3.92	(13)

For the three months and year ended December 31, 2024, cash interest expense decreased by 24% and 13%, respectively, compared to the same periods in the prior year, primarily due to the lower average balances of the Syndicated Facility and repayment of the DAP Notes, partially offset by interest expense recognized on the Clearwater infrastructure liability that was issued in the fourth quarter of 2023. The Company also incurred lower interest rates on bank debt, particularly in the second half of 2024 following rate cuts by the central bank that commenced in June 2024.

The Company amortizes capitalized issuance costs over the term of its corresponding debt instrument and incurs standby fees on the undrawn portion of the Syndicated Facility. Financing expenses include the realized and unrealized gains and losses resulting from the revaluation of outstanding US dollar denominated credit facility draws at each reporting period, as well as the corresponding foreign exchange cross-currency swap contracts that are aligned with these hedged credit facility draws. Offsetting realized gains and losses from the net settlement of these financial instruments are reflected net in the table above.

Income taxes

($ thousands)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Current income tax expense	**$ 22,777**	$ 28,850	(21)	**$ 108,476**	$ 109,091	(1)
Deferred income tax recovery	**(18,156)**	2,271	(899)	**(61,374)**	(61,930)	(1)
Total income tax expense	**$ 4,621**	$ 31,121	(85)	**$ 47,102**	$ 47,161	-
Statutory tax rate	**23%**	23%	-	**23%**	23%	-
Effective tax rate	**42%**	35%	20	**23%**	33%	(30)

Total income tax expense for the three months ended December 31, 2024 decreased by 85% compared to the same period in 2023, primarily due to losses on assets held for sale partially offset by higher adjusted funds flow. For the year ended December 31, 2024, total income tax expense remained consistent with 2023 as higher taxes from operating earnings in 2024 were mostly offset by the utilization of previously unrecognized tax pools. The following table outlines the Company's estimated gross Federal tax pools as at December 31, 2024:

December 31 ($ thousands)	Rate	**2024**	2023	% change
Canadian development expense	30%	**$ 610,380**	$ 618,015	(1)
Canadian oil and gas property expense	10%	**165,358**	171,396	(4)
Capital cost allowance	25%	**240,843**	236,592	2
Share issuance costs and other	20%	**21,393**	34,204	(37)
Total		**$ 1,037,974**	$ 1,060,207	(2)

Depletion and depreciation ("D&D")

($ thousands, except per boe)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Depletion and depreciation	**$ 141,766**	$ 150,746	(6)	**$ 588,019**	$ 631,063	(7)
Total ($/boe)	**$ 23.31**	$ 25.25	(8)	**$ 24.97**	$ 25.79	(3)

For the three months and year ended December 31, 2024, D&D expense per boe declined by 8% and 3%, respectively, compared with the prior year primarily due to higher reserves added from ongoing drilling, development and waterflood activities in the Clearwater area and lower relative future development costs from improved capital efficiencies. Gross D&D expense during 2024 decreased by 7% due to lower production volumes and the lower depletion rate.

Adjusted funds flow and net income

($ thousands, except per share amounts)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Cash provided by operating activities	**$ 201,798**	$ 215,981	(7)	**$ 833,212**	$ 631,626	32
Settlement of asset retirement obligations	**6,912**	8,140	(15)	**13,154**	12,908	2
Changes in non-cash working capital	**14,721**	(29,350)	(150)	**4,594**	119,960	(96)
Adjusted funds flow(1)	**223,431**	194,771	15	**850,960**	764,494	11
Per share - basic(1)	**0.42**	0.35	20	**1.57**	1.37	15
Per share - diluted(1)	**0.42**	0.35	20	**1.56**	1.37	14
Net income	**$ 6,382**	$ 57,322	(89)	**$ 162,219**	$ 94,196	72
Per share - basic	**0.01**	0.10	(90)	**0.30**	0.17	76
Per share - diluted	**0.01**	0.10	(90)	**0.30**	0.17	76

(1) Refer to "Advisories and guidance" for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.

Cash provided by operating activities decreased by 7% for the three months ended December 31, 2024, compared to the same period in the prior year, primarily due to changes in non-cash working capital partially offset by higher netbacks and lower financing expenses. For the year ended December 31, 2024, cash provided by operating activities increased 32% compared to the same period in the prior year, primarily due to a full year of 2022 tax instalments remitted to the Government in 2023 (reflected through non-cash working capital) and higher netbacks. Adjusted funds flow for the three months and year ended December 31, 2024 increased by 15% and 11%, respectively, compared to the same periods in the prior year, primarily due to higher operating netbacks and lower financing expenses.

The Company recorded net income of $6.4 million during the three months ended December 31, 2024, compared to net income of $57.3 million in the same period in 2023, primarily due to an impairment loss in Q4 2024. For the year ended December 31, 2024, Tamarack recorded net income of $162.2 million, compared to $94.2 million in the same period in 2023, primarily due to higher adjusted funds flow in 2024, higher losses on dispositions in 2023 and lower depletion, partially offset by an unrealized loss on risk management contracts in 2024.

Investments in oil and natural gas assets

($ thousands)	Three months ended			Year ended		
December 31	**2024**	2023	% change	**2024**	2023	% change
Drilling, completion and equipping	**$ 99,871**	$ 78,399	27	**$ 339,828**	$ 340,516	(0)
Facilities	**23,542**	47,609	(51)	**93,148**	164,274	(43)
Land, seismic and other	**3,898**	1,696	130	**17,929**	11,666	54
Investments in oil and natural gas assets	**$ 127,311**	$ 127,704	(0)	**$ 450,905**	$ 516,456	(13)
Acquisitions	**-**	1,612	(100)	**-**	17,499	(100)
Dispositions	**(1,107)**	(100,038)	(99)	**(1,748)**	(141,476)	(99)

The following table summarizes the number of net wells drilled during the three months and year ended December 31, 2024 and 2023:

Net wells drilled	Three months ended		Year ended	
December 31	**2024**	2023	**2024**	2023
Clearwater horizontal heavy oil wells	**29.1**	24.0	**101.5**	108.0
Charlie Lake horizontal light oil wells	**5.0**	4.0	**14.4**	17.8
Injection wells and other	**7.0**	1.9	**22.0**	9.4
	41.1	29.9	**137.9**	135.2

2024 capital investments included numerous infrastructure expansion projects in the Clearwater area for gas conservation, field interconnect pipelines, oil treating and water injection. These infrastructure investments have continued to facilitate production growth, net production expense reductions and the abatement of greenhouse gas emissions. Included in 2024 capital investments is $11.6 million of gas conservation projects that were sanctioned with the Clearwater Infrastructure Partnership.

Clearwater Infrastructure Partnership

The Clearwater Infrastructure Partnership liability reflects an Indigenous-held 85% share of Tamarack's 16-year take-or-pay commitment to the partnership for the utilization of certain infrastructure assets in the Clearwater area. Tamarack holds a 15% operated share of the partnership and is responsible for all associated operating and maintenance costs. The Company has retained full access to 100% of the partnership's midstream capacity and priority access to any incremental capacity above the minimum take-or-pay commitment, where volumes can be utilized on a prescribed fee-for-service basis.

On September 17, 2024, Tamarack expanded the Clearwater Infrastructure Partnership to include a 13th Indigenous community to the arrangement. Tamarack transferred additional Clearwater midstream assets with a fair value of $50.8 million to the partnership for cash consideration of $43.2 million before transaction costs and retained a 15% operated working interest. In exchange, Tamarack assumed higher fees on the pre-existing 16-year take-or-pay with average throughput volumes of 29,000 boe per day.

To date, Tamarack has contributed $220.8 million of infrastructure assets to the partnership and received over $180 million of cash from the long-term financing arrangement that has been utilized to reduce the Company's net debt.

Dispositions

On December 17, 2024, Tamarack entered into a purchase and sale agreement for the disposition of substantially all of the non-core oil and natural gas assets in the Southern Alberta Penny CGU for gross cash proceeds of $28.0 million before closing adjustments. As part of the sale, Tamarack's asset retirement obligations are expected to be reduced by $14.3 million. As at December 31, 2024, the assets and corresponding liabilities are presented as held for sale at their anticipated recoverable value, resulting in an impairment loss of $38.1 million. The transaction is contingent upon the receipt of third-party regulatory approval and is expected to close in the second quarter of 2025. During the year ended December 31, 2024 the Company sold certain non-core oil and natural gas assets to third-parties for nominal consideration and recorded a loss on disposal of $46.5 million. As part of the dispositions, Tamarack reduced the Company's asset retirement obligations by $18.7 million.

Liquidity and capital resources

The Company actively manages capital and liquidity risk through the continuous monitoring of asset performance, forecasting anticipated future cash flows in conjunction with the design of the annual capital investment programs, maintaining available credit under bank facilities, managing debt maturity dates, hedging a portion of the Company's production, judiciously assessing new capital investment, acquisition or divestment opportunities and the pursuit of new liquidity, if necessary. The Company believes that available credit and future anticipated adjusted funds flow will be sufficient to fund Tamarack's planned 2025 capital development programs, dividends and any share repurchases. In 2024, the Company continued to prioritize shareholder returns and net debt reduction with free funds flow generated from the business. The following table summarizes free funds flow for the three months and year ended December 31, 2024:

	Three months ended		Year ended	
December 31	**2024**	2023	**2024**	2023
Adjusted funds flow	**$ 223,431**	$ 194,771	**$ 850,960**	$ 764,494
Investments in oil and natural gas assets	**(127,311)**	(127,704)	**(450,905)**	(516,456)
Settlement of asset retirement obligations	**(6,912)**	(8,140)	**(13,154)**	(12,908)
Free funds flow	**$ 89,208**	$ 58,927	**$ 386,901**	$ 235,130

Shareholder returns

Year ended	Cumulative dividend per common share	Total dividends distributed	Shares retired through NCIB (thousands)	Total NCIB repurchases	Total shareholder distributions
December 31, 2022	$ 0.1165	**$ 55,268**	-	**$ -**	$ 55,268
December 31, 2023	$ 0.1500	**83,521**	-	**-**	83,521
December 31, 2024	$ 0.1505	**81,474**	33,889	**135,352**	216,826
Total		**$ 220,263**	33,889	**$ 135,352**	$ 355,615

Tamarack increased its monthly base dividend to $0.01275 per common share from $0.0125 per common share commencing in November 2024. In January 2024, Tamarack initiated an enhanced shareholder return program by applying for a normal course issuer bid and receiving approval from the TSX to purchase up to 54.6 million Tamarack common shares until January 18, 2025. During the year ended December 31, 2024, the Company purchased and cancelled 33.9 million common shares at an average price of $3.91 per common share, for a total repurchase cost of $135.4 million, including $2.6 million of taxes. Tamarack achieved its second debt threshold within its return of capital framework during the second quarter of 2024 allowing for an expansion of the Company's share buyback program. In January 2025, the Company renewed its normal course issuer bid, allowing Tamarack to purchase up to 51.3 million common shares of the Company until January 18, 2026. Tamarack also declared cash dividends of $0.01275 per share on January 14, 2025 and February 14, 2025. As at February 14, 2025, Tamarack had repurchased 6.0 million shares for $27.6 million.

Net debt

($ thousands)		
December 31	**2024**	2023
Cash	**$ (7,391)**	$ (2,220)
Accounts receivable	**(139,223)**	(141,041)
Prepaid expenses and deposits	**(11,186)**	(18,024)
Cross currency swap liability (asset)	**(4,159)**	5,172
Assets held for sale, net	**(23,231)**	-
Accounts payable and accrued liabilities	**199,808**	201,531
Working capital deficiency(1)	**14,618**	45,418
Debt	**738,123**	911,978
Government loans and other	**22,697**	26,189
Net debt(1)	**$ 775,438**	$ 983,585
Current quarter adjusted funds flow(1)	**$ 223,431**	$ 194,771
Annualized factor	**4**	4
Annualized adjusted funds flow(1)	**$ 893,724**	$ 779,084
Net debt to annualized adjusted funds flow(1)	**0.9 x**	1.3 x

(1) Refer to "Advisories and guidance" for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.

Net debt declined by $208.1 million in 2024 primarily from free cash flow in excess of shareholder returns and proceeds from the Clearwater Infrastructure Partnership expansion which occurred in the third quarter of 2024. Tamarack utilizes adjusted funds flow and net debt as capital management measures to assess financial performance and liquidity. As at December 31, 2024, the ratio of net debt to annualized fourth quarter adjusted funds flow improved to 0.9 (December 31, 2023 – 1.3).

Debt instruments

	Credit Facility	Senior Notes	Term Facility	DAP Notes	Total
Balance at December 31, 2022	$ 415,847	$ 287,692	$ 235,000	$ 256,667	**$ 1,195,206**
Proceeds from debt instruments, net	66,601	-	-	-	**66,601**
Repayment of debt instruments, net	-	(98)	(151,500)	(200,000)	**(351,598)**
Unrealized foreign exchange gain	(4,335)	-	-	-	**(4,335)**
Amortization of deferred borrowing costs	3,275	2,829	-	-	**6,104**
Balance at December 31, 2023	$ 481,388	$ 290,423	$ 83,500	$ 56,667	**$ 911,978**
Repayment of debt instruments, net	(50,245)	-	(83,500)	(56,667)	**(190,412)**
Unrealized foreign exchange loss	8,967	-	-	-	**8,967**
Amortization of deferred borrowing costs	4,690	2,900	-	-	**7,590**
Balance at December 31, 2024	$ 444,800	$ 293,323	$ -	$ -	**$ 738,123**
Terms:					
Effective interest rate (annualized)	7.93%	8.22%	9.06%	5.75%	
Maturity date	April 30, 2027	May 10, 2027	-	-	

As at December 31, 2024, Tamarack has access to a $875.0 million three-year covenant-based revolving lending facility (the “Credit Facility”). During the second quarter of 2024, the Credit Facility was amended primarily to extend the maturity date by one year to April 30, 2027. The amended facility also included an uncommitted accordion feature that provides Tamarack with the ability to access an incremental $125.0 million of secured debt, subject to certain conditions, including approvals from the lending syndicate. As at December 31, 2024 Tamarack had undrawn capacity of $423.4 million.

The Credit Facility, together with a two-year secured amortizing term-loan (the “Term Facility”) collectively formed Tamarack’s syndicated, covenant-based credit facility (the “Syndicated Facility”). The Term Facility was a covenant-based, non-revolving lending arrangement with a maturity date of October 13, 2024 that was fully repaid in the first quarter of 2024.

The Company carries $300.0 million of 7.25% interest-bearing senior unsecured notes maturing on May 10, 2027 (the “Senior Notes”). The Senior Notes pay interest semi-annually in arrears with the principal amount repayable at the date of maturity. The Company also issued $300.0 million aggregate principal amount of 5.75% interest-bearing deferred acquisition payments in connection with the Deltastream Acquisition in 2022 and was fully repaid in the first quarter of 2024.

Financial covenants on debt

Covenant	Covenant	December 31, 2024
Total Debt to EBITDA ratio	<3.5:1.0	**0.8:1.0**
Senior Debt to EBITDA ratio	<3.0:1.0	**0.4:1.0**
Interest Coverage ratio	>3.0:1.0	**15.4:1.0**

Redemption options on the Senior Notes

The Company currently holds a prepayment option to repurchase the bonds at a cost of 104.0% of principal as at December 31, 2024. The cost of the prepayment option declines to 102.0% on May 10, 2025 and is reduced at each subsequent anniversary date until maturity. Following a change of control, the Senior Note holders may require the Company to repurchase the Senior Notes, in whole or in part, at a purchase price in cash of at least 101% of the aggregate principal amount, plus accrued and unpaid interest.

Share capital

(thousands)	February 14, 2025	December 31, 2024	December 31, 2023
Common shares outstanding	**515,482**	522,207	556,183
Common shares held in treasury	**1,594**	845	758
Total common shares	**517,076**	523,052	556,941
Equity-settled stock options	**292**	360	1,037
Equity-settled RSUs	**4,441**	4,467	3,587
Equity-settled PSUs	**2,767**	2,767	2,143
Cash-settled RIAs	**943**	943	810
Cash-settled PIAs	**4,344**	4,344	3,850

Pursuant to Tamarack's stock-based compensation plans, the Company was able grant up to an aggregate of 20.9 million equity compensation units to officers, employees, directors and consultants of the Company or its subsidiaries ("service providers") as at December 31, 2024. During the year ended December 31, 2024, the Company issued 7.3 million stock-based awards at a weighted average fair value of $3.70 per share which was primarily based on the Company's share price at the date of grant. Tamarack utilized acquired treasury shares to settle 2.9 million stock-based compensation units that were exercised in 2024 resulting in no dilution of Tamarack's outstanding common shares.

Commitments and contingencies

As at December 31, 2024	2025	2026	2027	2028	2029+	Total
Credit Facility	$ -	$ -	$ 445,618	$ -	$ -	**$ 445,618**
Senior Notes	-	-	300,000	-	-	**300,000**
Accounts payable and accrued liabilities	199,808	-	-	-	-	**199,808**
Risk management contracts	31,563	-	-	-	-	**31,563**
Clearwater Infrastructure Partnership (CIP)	7,498	8,283	9,152	10,187	148,722	**183,842**
Other liabilities, excluding CIP	14,556	14,905	16,914	4,234	2,588	**53,197**
Financial liabilities on the balance sheet	253,425	23,188	771,684	14,421	151,310	**1,214,028**
Interest on debt and other liabilities	66,097	65,031	32,973	15,640	93,445	**273,186**
Take-or-pay commitments	35,401	34,039	31,203	32,469	58,489	**191,601**
Processing commitments	8,051	14,242	14,242	13,641	90,812	**140,988**
Total commitments	$ 362,974	$ 136,500	$ 850,102	$ 76,171	$ 394,056	**$ 1,819,803**

Tamarack is involved in legal claims against the Company that have arisen in the normal course of business. While the final outcomes of such claims cannot be predicted with certainty and could be material, Tamarack believes that the claims are without merit and the amounts are unsubstantiated. The Company also does not anticipate that any of these legal proceedings will have a material impact on Tamarack's consolidated financial position or results of operations. Accordingly, no provision has been recorded in the Annual Financial Statements.

Selected quarterly and annual information

	Dec. 31, 2024	Sept. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	**YTD 2024**	YTD 2023	YTD 2022
Sales volumes											
Natural gas *(mcf/d)*	**60,602**	59,154	54,856	51,431	58,419	72,597	68,027	74,293	**56,529**	68,302	67,221
Oil and NGL *(bbls/d)*	**56,004**	55,165	55,000	53,450	55,144	56,497	55,400	55,556	**54,909**	55,650	37,079
Average boe/d *(6:1)*	**66,104**	65,024	64,143	62,022	64,881	68,597	66,738	67,938	**64,331**	67,034	48,283
Realized prices											
Natural gas *($/mcf)*	**1.71**	0.87	1.51	2.93	2.82	2.60	2.39	3.50	**1.72**	2.84	6.15
Oil and NGL *($/bbl)*	**80.93**	85.65	90.70	78.05	79.58	94.07	76.24	71.03	**83.85**	80.36	96.39
Oil equivalent *($/boe)*	**70.12**	73.46	79.06	69.70	70.18	80.24	65.72	61.91	**73.08**	69.60	82.59
Financial results (000s, except per share amounts)											
Gross revenues	**426,482**	439,435	461,479	393,336	418,864	506,365	399,155	378,546	**1,720,732**	1,702,930	1,455,448
Cash provided by operating activities	**201,798**	240,843	225,370	165,201	215,981	199,756	156,265	59,624	**833,212**	631,626	805,377
Adjusted funds flow[2]	**223,431**	220,419	225,554	181,556	194,771	255,199	157,253	157,271	**850,960**	764,494	727,061
Per share – basic[2]	**0.42**	0.41	0.41	0.33	0.35	0.46	0.28	0.28	**1.57**	1.37	1.58
Per share – diluted[2]	**0.42**	0.40	0.41	0.33	0.35	0.46	0.28	0.28	**1.56**	1.37	1.57
Net income (loss)	**6,382**	93,694	94,887	(32,744)	57,322	8,634	25,735	2,505	**162,219**	94,196	345,198
Per share – basic	**0.01**	0.17	0.17	(0.06)	0.10	0.02	0.05	0.00	**0.30**	0.17	0.75
Per share – diluted	**0.01**	0.17	0.17	(0.06)	0.10	0.02	0.05	0.00	**0.30**	0.17	0.74
Operating netback[2]	**271,631**	279,277	291,527	239,106	251,813	326,520	223,093	210,781	**1,081,540**	1,012,207	878,055
Investment in oil and natural gas assets	**127,311**	109,032	86,341	128,221	127,704	122,759	117,831	148,162	**450,905**	516,456	458,577
Acquisitions[1]	**–**	–	–	–	1,612	800	12,148	2,939	**–**	17,499	1,785,783
Dispositions[1]	**(1,107)**	(1,076)	(80)	1,797	(100,038)	(38,987)	(2,271)	(180)	**(1,748)**	(141,476)	(96,853)
Total assets	**3,988,763**	3,998,420	4,028,689	4,116,037	4,210,348	4,443,837	4,559,903	4,593,760	**3,988,763**	4,210,348	4,619,701
Net debt[2]	**775,438**	807,401	882,669	984,768	983,585	1,128,030	1,373,620	1,374,068	**775,438**	983,585	1,356,570
Debt	**738,123**	724,080	866,647	924,517	911,978	1,244,957	1,329,581	1,286,718	**738,123**	911,978	1,195,206
Dividends declared per share	**0.0380**	0.0375	0.0375	0.0375	0.0375	0.0375	0.0375	0.0375	**0.1505**	0.1500	0.1165
Asset retirement obligations	**180,281**	168,966	161,817	166,135	189,971	166,868	266,898	265,374	**180,281**	189,971	264,988

(1) Includes cash and non-cash consideration.

(2) Refer to "Advisories and guidance" for information on Capital Management Measures and Ratios, Non-GAAP Financial Measures and Ratios and Supplemental Financial Measures.

Significant factors and trends that have impacted the Company's results during the above quarterly and annual periods include:

- Volatility in commodity prices and differentials and the resulting effect on revenue, cash provided by operating activities, adjusted funds flow and earnings.
- The volatility in asset retirement obligations due to fluctuations in discount rates, acquisitions and dispositions.
- The Company uses derivative contracts to reduce the financial impact of volatile commodity prices, foreign exchange and interest rates which can cause

significant fluctuations in earnings due to unrealized gains and losses recognized on a quarterly basis.

- On February 15, 2022, Tamarack closed the acquisition of Southern Clearwater area properties. The assets included 3,500 boe per day of oil weighted assets, along with adding 153.7 net sections in the Southern Clearwater oil play in Alberta for a total purchase price of $228.3 million.
- On June 10, 2022, Tamarack closed the acquisition of Southern Clearwater area properties. The assets include approximately 2,100 boe per day of oil weighted assets, along with adding 34,560 net acres in the Southern Clearwater oil play of Alberta for a purchase price of approximately $108.1 million.
- On July 21, 2022, Tamarack closed the disposition of non-Core Viking oil CGU assets for total consideration of $57.9 million, including cash of $37.9 million and a $20.0 million 12.5% interest-bearing promissory note due on July 21, 2025. In the fourth quarter of 2023, the Company believed the collection of the promissory note was uncertain and a full provision was recorded.
- On October 13, 2022, Tamarack closed the acquisition of Clearwater area properties. The assets include approximately 19,500 boe per day of oil weighted assets, along with adding 184 net sections in the Clearwater oil play of Alberta for a total purchase consideration of approximately $1.4 billion.
- On July 31, 2023, the Company issued a GORR on select portions of its Clearwater and Charlie Lake oil properties and sold a working interest in the Company's Wembley gas plant to a third party for cash proceeds of $39.5 million.
- On November 3, 2023, the Company sold its non-core Cardium assets for gross cash consideration of $123.0 million and recorded a loss on the disposal of $111.7 million. Net proceeds were $98.9 million. The disposed assets included production of approximately 7,000 boe per day.
- On December 15, 2023, Tamarack and 12 First Nations and Métis communities formed the Clearwater Infrastructure Partnership whereby participating communities acquired an 85% non-operated working interest in Tamarack infrastructure assets in the Clearwater area with a fair value of $172.0 million for total consideration of $146.2 million and a 15% operated working interest in the partnership.
- On March 1, 2024, the Company sold certain non-core Redwater oil and natural gas assets for nominal consideration and recorded a loss of $38.0 million. The disposition included a reduction of asset retirement obligations of $14.2 million. The disposed assets included production of approximately 400 boe per day.
- On September 17, 2024, Tamarack expanded the Clearwater Infrastructure Partnership to include a 13th Indigenous community partner to the arrangement. The Company transferred Clearwater assets with a fair value of $50.8 million into the partnership for cash consideration of $43.2 million and a retained 15% interest in the partnership.
- On December 17, 2024, Tamarack entered into a purchase and sale agreement for the disposition of certain non-core oil and natural gas assets in Southern Alberta for gross cash proceeds of $28.0 million before closing adjustments. As part of the sale, Tamarack's asset retirement obligations are expected to be reduced by $14.3 million. As at December 31, 2024, the assets and corresponding liabilities are presented as held for sale at their anticipated recoverable value, resulting in an impairment loss of $38.1 million. The transaction is contingent upon the receipt of third-party regulatory approval and is expected to close in the second quarter of 2025.

Advisories and guidance

Critical accounting policies, estimates and judgments

Tamarack utilized significant estimates, assumptions and judgments in order to apply the relevant accounting policies to the preparation of the Annual Financial Statements in accordance with IFRS Accounting Standards. A summary of this information can be found in Notes 2-4 of the Annual financial statements. The key accounting policies of the Company that are subject to significant estimates, assumptions or judgments consist of oil and natural gas assets, impairment, financial instruments, provisions, income taxes and the basis of consolidation. There were no new or significant updates to the application of the Company's critical accounting policies, estimates, assumptions or judgments during the year ended December 31, 2024.

Certain comparative figures in the Annual Financial Statements have been adjusted to conform with the current period presentation. On the statement of cash flows and Balance Sheet, cash has been presented separately instead of being netted against debt. Decommissioning obligations were also renamed to asset retirement obligations. On the income statement, blending has been combined with product purchases and the site rehabilitation grant is included in loss on dispositions and assets held for sale. There were no changes to the consolidated operating results or financial position for the year ended December 31, 2023 as a result of these presentation changes.

Non–GAAP financial measures and non-GAAP financial ratios

This document contains the terms "net production expenses", "operating netback", "operating field netback", "heavy oil differential including transportation expenses", and "light oil differential including transportation expenses", which are non-GAAP financial measures, or ratios if calculated on a per boe or per share basis. These non-GAAP financial measures and ratios do not have any standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other issuers without taking into account the method by which the measures are prepared. These performance measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP and should be read in conjunction with the annual financial statements. Refer to the discussion of the Company's operating results and the "Liquidity and Capital Resources" section of this MD&A for further details regarding the calculation and measurement of these measures. The Company no longer utilizes the non-GAAP measure revenue, net of blending expenses, which consisted of oil and natural gas sales excluding blending expenses, instead utilizes oil and natural gas sales. The impact of the change is $1.3 million for the year ended December 31, 2024 (December 31, 2023 - $3.0 million).

The non-GAAP financial ratios consisting of non-GAAP measures presented on a per share basis are determined by dividing the value of the financial measure by the weighted average common shares outstanding and diluted weighted average common shares outstanding during the period. These per share disclosures allow Tamarack and others to understand the value of selected financial information that is attributable to each common shareholder. The non-GAAP financial ratios consisting of non-GAAP measures presented on a per boe basis are determined by dividing the value of the financial measure by the sales volumes in the period. These per boe disclosures allow Tamarack and others to assess the profitability of each barrel of oil equivalent produced, and also facilitates a comparison of current period performance to historical periods, or to peer results, by isolating the impact of differences in production volumes.

Heavy and light oil differentials including transportation expenses

The calculation of the Company's heavy oil differential including transportation expenses and light oil differential including transportation expenses, is presented in the "Oil and natural gas sales" section of this MD&A and is determined by comparing the Company's realized price on a per barrel basis to the published benchmark price, including the impact of transportation expenses. The Company and others utilize this performance measure to assess the value of net wellhead revenue received by Tamarack for each barrel sold, relative to the published market price during that period. These performance measures are presented on a per boe basis as a non-GAAP financial ratio.

Net production expenses

Tamarack generates processing income from third parties that utilize excess capacity at Tamarack's facilities. In this MD&A, processing income is recognized as a reduction to production expenses, whereas processing income is reported as other income in the Annual Financial Statements. If Tamarack has excess capacity at one of its facilities, the Company will seek to process third-party volumes as a means to reduce the cost of operating those facilities. Accordingly, net production expenses allow Tamarack and others to assess the performance of its field and facility operating results by including the associated income generated from plant operations. Net production expenses are also presented on a per boe basis as a non-GAAP financial ratio.

Operating netback and operating field netback
The calculation of the Company's Operating Netback and Operating Field Netback is presented in the operating results section of this MD&A. Tamarack and others utilize the Operating Netback and Operating Field Netback measures to assess the operational performance of the Company's assets areas by isolating the impact of corporate and other overhead related expenditures. These metrics are also presented on a per boe basis as a non-GAAP financial ratio.

Capital Management Measures and Ratios

This document contains capital management measures of "adjusted funds flow", "free funds flow", "net debt", "working capital deficiency (surplus)" and "net debt to annualized adjusted funds flow" which the Company utilizes to manage its capital. Refer to Note 15 of the Annual Financial Statements for further details. These capital management measures do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers without taking into account the method by which the measures are prepared. These performance measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP and should be read in conjunction with the Annual Financial Statements. Refer to the discussion of the Company's operating results and the "Liquidity and Capital Resources" section for further details regarding the calculation of these measures.

Adjusted funds flow
Adjusted funds flow is defined as cash provided by operating activities excluding asset retirement obligation expenditures, transaction costs and changes in non-cash working capital. Asset retirement obligation expenditures and transactions costs from business combinations both result from the Company's capital budgeting and strategic planning processes which first considers available adjusted funds flow. Asset retirement obligation expenditures also vary from period to period depending on capital programs, government regulations and the maturity of the Company's operating areas. By also excluding changes in non-cash working capital from cash provided by operating activities, the adjusted funds flow measure provides a meaningful metric for Tamarack and others by establishing a clear link between the Company's cash flows, income statement and operating netbacks by isolating the impact of changes in the timing between accrual and cash settlement dates which are generally within Management's control. Tamarack uses adjusted funds flow to assess the Company's financial performance and cash generated from operating activities. Adjusted funds flow per share and adjusted funds flow per boe are supplemental financial measures and are calculated by dividing adjusted funds flow by the Company's weighted average basic and diluted shares outstanding, and total sales volumes during the period, respectively.

Free funds flow
Free funds flow is defined as adjusted funds flow less investments in oil and natural gas assets and the settlement of asset retirement obligations. Management utilizes free funds flow to assess how much cash was generated in excess of the Company's capital investment and asset retirement programs within the same period, which can be utilized to reduce net debt, fund acquisitions or return capital to shareholders. Free funds flow is also presented on a per share basis as a capital management ratio.

Net debt and working capital deficiency (surplus)
The calculation of the Company's Net Debt and Working Capital Deficiency (surplus) is included in the section titled "Liquidity and Capital Resources". Tamarack and others utilize net debt and working capital deficiency (surplus) to assess liquidity and balance sheet strength by aggregating the select financial assets and financial liabilities on the Company's balance sheet.

Net debt to annualized adjusted funds flow
Net debt to annualized adjusted funds flow, is a capital management ratio and is calculated as net debt divided by the annualized adjusted funds flow for the most recently completed quarter. Tamarack and others utilize net debt to annualized adjusted funds flow to provide a snapshot of the overall financial health of the Company and assess the Company's ability to fund capital investments, acquisitions, the servicing of debt costs, debt reduction, the ability to raise new debt, repurchase shares or make dividend payments. The calculation of the Company's net debt to annualized adjusted funds flow is included in the section titled "Liquidity and Capital Resources".

Supplemental financial measures

Per share disclosures
Tamarack's supplemental financial measures on a per share basis consist of cash provided by operating activities per share and adjusted funds flow per share. These supplemental financial measures are determined by dividing the value of the financial measure by the weighted average common shares outstanding and diluted weighted average common shares outstanding, as presented in the Interim and Annual Financial Statements. The per share disclosures allow Tamarack and others to understand the value of the selected financial information attributable to each common share holder. Free funds flow per share is a capital management ratio as discussed above.

Per BOE disclosures
Tamarack's supplementary financial measures on a per boe basis consist of average light oil realized sales price per bbl, average NGL realized sales price per bbl, average natural gas realized sales price per mcf, heavy oil differential including transportation expenses, light oil differential including transportation expenses, royalty expense per boe, transportation expenses per boe, carbon tax per boe, realized commodity hedging gain/loss per boe, G&A expense per boe, stock-based compensation expense per boe, cash interest expense per boe, finance expense per boe and D&D per boe. The calculation of the heavy oil differential including transportation expenses and light oil differential including transportation expenses is included in the operating results section of this MD&A. Certain measures are presented on a per boe basis to allow Tamarack and others to assess the profitability of each barrel produced, and allows for a comparison of current period performance to historical periods, or to peer results, by isolating for the impact of differences in production volumes. Net production expenses per boe, operating field netback per boe and operating netback per boe are non-GAAP financial ratios as discussed above.

Percentage of sales
Tamarack's supplementary financial measures as percentage of revenue consists of the average royalty rate. The average royalty rate as a percentage of sales is used by Tamarack and others to understand the average effective amount of royalties owing for each dollar of sales that is generated.

Disclosure controls and internal controls over financial reporting

Part 1 of *National Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings* defines disclosure controls and procedures ("DC&P") as "controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure".

The Company has designed DC&P to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in the annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of annual financial statements for external purposes in accordance with GAAP. The Company is required to disclose herein any change in the Company's ICFR that occurred during the recent fiscal period that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Under the supervision of the CEO and CFO, Tamarack conducted an evaluation of the design and operating effectiveness of the Company's DC&P and ICFR as at December 31, 2024. The assessment was based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the officers concluded that as of December 31, 2024, Tamarack maintained effective DC&P and ICFR. Internal control systems, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute assurance that the objectives of the control system will be met, and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Volumetric reporting

For the purpose of reporting unit production and related units of measurement, natural gas volumes have been converted to a barrel of oil equivalent (boe) using six thousand cubic feet equal to one barrel. A boe conversion ratio of 6:1 is based on an energy equivalency conversion at the burner tip but does not necessarily represent a value equivalency at the wellhead where production is actually measured and reported. This conversion complies with the Canadian Securities Administrators' National Instrument 51–101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"), however, a Boe unit of measurement could be misleading, particularly if used in isolation.

Climate change

The Company continues to assess the impact of global demand for carbon-based energy and advancement of alternative energy sources. Emissions, carbon and other regulations impacting climate related matters are constantly evolving. With respect to ESG and climate reporting, the International Sustainability Standards Board ("ISSB") was created on November 3, 2021 to develop consistent, comparable and reliable sustainability disclosure standards. On June 26, 2023, the ISSB issued *IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information*" and *IFRS S2 "Climate-related Disclosures*". *IFRS S1* and *IFRS S2* are effective for annual reporting periods beginning on or after January 1, 2024. The standards provide for transitional relief allowing an issuer to limit its disclosure to climate-related risks and opportunities in the first year.

On December 18, 2024, the Canadian Sustainability Standards board published its first two disclosure standards for sustainability reporting in Canada (general sustainability disclosures and climate related disclosures). Most notably, the new standards retained the requirement for companies to disclose their scope 3 emissions. The standards provide for numerous transitional provisions and allowances between 2025 and 2028 to facilitate the adoption by Canadian companies.

The Canadian Securities Administrators ("CSA") are responsible for determining the reporting requirements for public companies in Canada and decisions related to the adoption of the sustainability disclosure standards, including the effective annual reporting dates. The CSA issued proposed National Instrument ("*NI 51-107 – Disclosure of Climate-related Matters*") in October 2021. The CSA has indicated it will consider the ISSB sustainability standards and developments in the United States in its decisions related to developing climate-related disclosure requirements for reporting issuers in Canada. The CSA will involve the Canadian Sustainability Standards Board ("CSSB") for their combined review of the ISSB issued sustainability standards for their suitability for adoption in Canada. Until such time as the CSA and CSSB make decisions on sustainability standard adoption in Canada, there is no requirement for public companies in Canada to adopt the sustainability standards. The Company is actively evaluating the potential effects of the sustainability standards.

Business Risks

Tamarack faces business risks, both known and unknown, with respect to its oil and gas exploration, development, and production activities that could cause actual results or events to differ materially from those forecasts. Most of these risks (financial, operational or regulatory) are not within the Company's control. While the following sections discuss some of these risks, they should not be construed as exhaustive. For additional information on the risks relating to Tamarack's business, see "Risk Factors" in Tamarack's Annual Information Form for the year ended December 31, 2024.

Continued volatility in commodity and petroleum products prices

Tamarack's financial performance is significantly dependent on the prevailing prices of crude oil, refined products and natural gas. Crude oil prices are impacted by a number of factors, including, but not limited to: tariffs or the threat of tariffs; global and regional supply and demand; global economic conditions including factors impacting global trade and disruption of trade routes; the actions of OPEC and other non-OPEC oil exporting nations, including, but not limited to, compliance or non-compliance with production quotas agreed upon by OPEC members or decisions by OPEC not to impose production quotas on its members; development, adoption, pricing and availability of alternate sources of energy; actions of domestic and foreign governments, regulatory bodies and quasi-regulatory bodies that may impact commodity prices, including United States Strategic Petroleum Reserve withdrawals and refills; enforcement of environmental or emissions regulations; public sentiment towards the use of fossil fuels, including crude oil; political stability and social conditions in oil-producing countries; outbreak of war, including Russia's military invasion of Ukraine; market access constraints and transportation interruptions (pipeline, marine or rail); outbreak or continuation of a pandemic; terrorist threats; technological developments; the occurrence of natural disasters; and weather conditions.

Certain difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. In addition, the difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and natural gas industry in western Canada has led to additional downward price pressure on oil and natural gas produced in western Canada. The overall impact of these market conditions and the potential for decreased confidence in the Canadian crude oil and natural gas industry could materially and adversely affect Tamarack's business, prospects, financial condition, results of operations and cash flows. Ongoing military tensions between Russia and Ukraine as well as the war between Israel and Hamas have the potential to threaten the supply of petroleum and natural gas from the respective regions. The long-term impacts of the tension between these nations remains uncertain.

The overall result of these events and conditions could lead to a prolonged period of volatile prices for oil and other petroleum products. Price volatility could result in reduced utilization and/or the suspension of operations at certain of the Company's facilities, buyers of the Company's products declaring force majeure and disruptions of pipeline and other transportation systems for the Company's products, which would further negatively impact Tamarack's production, and could adversely impact Tamarack's business, financial condition and results of operations.

Inflation risk

The general rate of inflation in Canada and many other countries saw a significant increase in recent years, with some regions experiencing multi-decade highs. These increases reflect imbalances between supply and demand recoveries from the pandemic. The underlying factors include, but are not limited to, global supply chain disruptions, shipping bottlenecks, labor market constraints, geopolitical instability, and side effects from monetary and fiscal expansions. The global economic recovery remains uncertain. Prices for services and materials continue to evolve in response to fast-changing commodity markets, industry activities, supply chain dynamics, and government policies impacting operating and capital costs. Tamarack closely monitors market trends and works to mitigate cost impacts in all price environments through its economies of scale in procurement, efficient project management practices, and general productivity improvements.

Environmental and climate change risk

As a result of growing international concern in respect of climate change, Tamarack has seen a significant increase in focus on the transition to alternative, lower-carbon energy sources. Governments, financial institutions, insurance companies, environmental and governance organizations, institutional investors, social and environmental activists, and individuals, are increasingly seeking to develop and implement, among other things, regulatory and policy changes, changes in investment strategies and habits, and a restructuring of energy consumption profiles, which, individually and collectively are intended to or have the effect of accelerating the transition to less carbon-intensive energy sources and the reduction in global consumption of fossil fuels. Overall, Tamarack is not able to estimate at this time the degree to which climate change related consumer behaviour, regulatory, climatic conditions, and climate-related transition risks could impact the Company's business, financial condition and results of operations.

Climate change may have actual or perceived adverse impacts on the Company's operations, business, and financial results, including an increase in the frequency of extreme climatic conditions. Weather and climate affect demand for crude oil and gas, and therefore, the predictability of weather and climate affects the Company's ability to accurately forecast supply and demand. In addition, the Company's operations, including exploration, production and construction operations, and the operations of major customers, suppliers and service providers, can be affected by acute and chronic physical climate risks, such as floods, forest fires, earthquakes, hurricanes, landslides, mudslides, and other extreme weather events, natural disasters or long-term shifts in weather patterns. This may result in cessation or diminishment of production, delay of exploration and development activities or delay in executing the Company's capital expenditure plans, which may require the Company to adopt increased or additional mitigation requirements.

Growing concerns over climate change have also led to an increase in climate and environment-centric disputes and litigation in various jurisdictions, including at a Federal and Provincial level, alleging various claims and registering complaints, including that energy producers contribute to climate change, that such entities are not reasonably managing business risks associated with climate change, and that such entities have not adequately disclosed business risks of climate change. While many such climate change related actions are in preliminary stages of litigation, and in some cases raise novel or untested issues and causes of action, the risk that legal, societal, scientific and political developments will increase the likelihood of successful climate change related litigation against energy producers remains uncertain. The outcome and ramifications of any such litigation is uncertain and may materially impact the Company's business, financial condition or results of operations. The Company may also be subject to negative or damaging publicity associated with such matters, which may adversely affect the public sentiment and the Company's reputation, regardless of whether the Company is ultimately found responsible for claims alleged. We may be required to incur significant expenses or devote significant resources in defense against any such litigation.

Financial risks

Financial risks include commodity pricing, exchange and interest rates and volatile markets. Commodity price fluctuations result from market forces completely out of the Company's control and can significantly affect the Company's financial results. In addition, fluctuations between the Canadian dollar and the US dollar can also have a significant impact. Expenses are all incurred in Canadian dollars while oil, and to some extent natural gas, prices are based on reference prices denominated in US dollars. Due to both of these factors, Tamarack may enter into derivative instruments to partially mitigate the effects of downward price and foreign exchange volatility. To evaluate the need for hedging, management, with direction from the Board of Directors, monitors future pricing trends together with the cash flow necessary to fulfill capital expenditure requirements. Tamarack will only enter into a hedge to reduce downside uncertainty of pricing, not as a speculative venture.

Operational risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Tamarack depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, existing reserves and their subsequent production will decline over time as they are exploited. A future increase in Tamarack's reserves will depend not only on its ability to explore and develop any properties it may have, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that further commercial quantities of oil and natural gas will be discovered or acquired by Tamarack.

Tamarack endeavors to mitigate these risks by, among other things, ensuring that its employees are highly qualified and motivated. Prior to initiating capital projects, the Tamarack technical team completes an economic analysis, which attempts to reflect the risks involved in successfully completing the project. In an effort to mitigate the risk of not finding new reserves, or of finding reserves that are not economically viable, Tamarack utilizes various technical tools, such as 2D and 3D seismic data, rock sample analysis and the latest drilling and completions technology.

Insurance is in place to protect against major asset destruction or business interruptions, and includes, but is not limited to, events such as well blow-outs or pollution. In addition, Tamarack cultivates relationships with its suppliers in an effort to ensure good service regardless of the prevailing cycle of oil and gas activity. Operational risk is mitigated by having Tamarack employees address the continued development of a new or established reservoir on a go-forward basis, using the same procedure that is used to address exploration risk. The decision to produce reserves is made based on the amount of capital required, production practices and reservoir quality. Tamarack evaluates reservoir development based on the timing, amount of additional capital required and the expected change in production values. Finding and development costs are controlled when capital is employed in a cost-effective manner.

Regulatory risks

Regulatory risks include the possibility of changes to royalty, tax, environmental, safety, and public disclosure and reporting legislation. Tamarack endeavours to anticipate the costs related to compliance and budget sensibly for them. Changes to environmental and safety legislation may also cause delays to Tamarack's drilling plans, its production efficiencies and may adversely affect its future earnings. The Company's exploration and production activities emit greenhouse gases ("GHG") which may require Tamarack to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate its effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on Tamarack's business, financial condition, results of operations and prospects. Restrictive new legislation is a risk the Company cannot control. Also refer to "Climate Change" above for information regarding the ongoing developments of ESG and climate reporting.

Forward-looking statements

Certain statements contained within this MD&A constitute forward-looking statements within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "budget", "plan", "endeavour", "continue", "estimate", "evaluate", "expect", "forecast", "monitor", "may", "will", "can", "able", "potential", "target", "intend", "consider", "focus", "identify", "use", "utilize", "manage", "maintain", "remain", "result", "cultivate", "could", "should", "believe", "strive" and similar expressions or the negative of such terms or other comparable terminology. The Company believes that the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that such expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Without limitation, this MD&A contains forward-looking statements pertaining to:

- the intentions of management and the Company;
- the Company's commitment to maintaining financial flexibility and liquidity;
- U.S. and Canadian foreign policies, including the impact of tariffs or threat of tariffs;

- the Company's business strategy, objectives, strength and focus, including with respect to acquisitions;
- the impacts on the Company of the military conflict between Russia and Ukraine as well as the war between Israel and Hamas;
- the Company's plans to continue developing and expand its core asset base in Northern Alberta, being the Clearwater heavy oil position at Nipisi, Marten Hills and South Clearwater and a Charlie Lake light oil position at Valhalla, Wembley, and Pipestone;
- the Company's continued consideration of the impact of climate change and possible upcoming related financial and operational challenges and implications with respect to the future of the Company;
- the Company's continued consideration of the potential impacts of the evolving global demand for carbon-based energy and global advancement of alternative energy sources;
- expectations relating to future realized commodity prices, volatile commodity prices, royalty rates and oil price differentials and the effects thereof, including with respect to revenue, earnings and stability to oil pricing;
- expectations regarding future price realizations, lifting costs and capital efficiencies;
- the Company's financial and physical hedging program, including the use of financial derivatives and physical delivery contracts to manage fluctuations in commodity prices, foreign exchange rates, and interest rates, and the effects thereof on cash flow risk and commodity pricing upside;
- anticipated benefits of Clearwater formations including its enhanced recovery potential;
- anticipated benefits of the Charlie Lake acreage;
- purchases under the Company's normal course issuer bid including that the Company will reacquire up to 51.3 million common shares by January of 2026;
- the Company's plans in respect of returns of capital, including dividend and enhanced return programs;
- the Company's expectations surrounding its 2025 capital guidance, funding thereof and the ability to satisfy its 2025 & 2026 development capital program balancing maximizing free funds flow generation with a significant portion being directed towards shareholder returns by way of dividend payments, any share repurchases and net debt reduction;
- the Company's 2025 outlook and planned 2025 capital projects;
- expectations surrounding the Credit Facility as amended and the terms thereof, including the extended maturity date and ability to access an incremental $125.0 million of secured debt subject to certain conditions;
- financial covenants applicable to the Syndicated Facility;
- Tamarack's 2025 production guidance, net production expense guidance and ongoing assessments in respect of the same;
- commitments and obligations of the Company related to the Clearwater Infrastructure Partnership and pursuant to the definitive agreements entered into with 12 First Nation and Métis communities and the added 13th Indigenous community, including the Company's obligations under take-or-pay commitments;
- the Company's ability to meet its obligations and commitments under the Senior Notes;
- contractual obligations and commitments;
- estimates used to calculate asset retirement obligations and depletion of PP&E;
- expectations surrounding pre-tax net present value of Tamarack's 2P reserves;
- Tamarack's plan to invest in secondary recovery expansion of Clearwater waterflood projects at Nipisi and Marten Hills;
- The Company's planned drilling program at Pipestone and Wembley in 2025;
- the Company's assessment of the impacts of the commencement of the CVS Albright sour natural gas plant on Tamarack's production forecast;
- expectations surrounding Tamarack's gas conservation initiatives;
- the Company's risk management activities (including plans to continue actively managing capital and liquidity risk through continuous monitoring of asset performance, forecasting anticipated future cash flows in conjunction with the design of the annual capital investment programs, maintaining available credit under bank facilities, staggering debt maturity dates, hedging a portion of the Company's production, judiciously assessing new capital investment, acquisition or divestment opportunities and the pursuit of new liquidity, if necessary);
- the Company's plans in respect to its employees including for its employees to address the continued development of new or established reservoirs on a go-forward basis using the same procedure as is used to address exploration risk and the effects thereof on mitigation of operation risk;
- Tamarack's stock-based compensation plans and the equity compensation unit issuable thereunder;
- expectations surrounding the Company's major infrastructure projects and anticipated benefits thereof, including with respect to performance of its Clearwater and Charlie Lake drilling programs;
- expectations surrounding identified changes to the Company's DC&P and its ICFR (or lack thereof) and its affect on the Company's internal controls over financial reporting on a go-forward basis (including the lack thereof);
- expectations regarding the merits and the outcome of ongoing litigation; and
- the Company's expectations regarding inflation and interest rates and the ability to manage such pressures.

With respect to the forward-looking statements contained in this MD&A, Tamarack has made assumptions regarding, among other things:

- future commodity prices, price differentials and the actual prices received for the Company's products;
- expected net production expenses and transportation expenses;
- estimated proved plus probable oil and natural gas reserves;
- the effects of heavy volume apportionment and fluctuating diluent costs on the heavy oil market in Alberta;
- the ability to obtain equipment and services in the field in a timely and efficient manner;
- the ability to add production and reserves through acquisition and/or drilling at competitive prices;
- the timing of anticipated future production additions from the Company's properties and acquisitions;
- the realization of anticipated benefits of acquisitions, including the acquisitions and the related drilling programs;
- the ability to explore and realize benefits from exposure to diversified gas markets;
- drilling results, including field production rates and decline rates;
- the performance of the waterflood projects;
- the continued application of horizontal drilling and fracturing techniques and pad drilling;
- the continued availability of capital and skilled personnel;
- the ability to obtain financing on acceptable terms;
- the accuracy of Tamarack's geological interpretation of its drilling and land opportunities, including the ability of seismic activity to enhance such interpretation;
- the impact of increasing competition;
- the ability of the Company to secure adequate product transportation;
- the ability to enter into future commodity derivative contracts on acceptable terms;
- the continuation of the current tax, royalty and regulatory regime;
- the volatility in commodity prices and oil price differentials and the resulting effect on Tamarack's revenue, cash provided by operating activities, adjusted funds flows and earnings;
- the actions of OPEC and non-OPEC oil and gas exporting countries to set production levels and the influence thereof on oil prices and global demand including in respect of recent cuts to the group's production quotas;
- the ability to adjust capital spending relative to commodity prices and use financial derivatives and physical delivery contracts to manage fluctuations in commodity prices, foreign exchange rates and interest rates;
- Tamarack's ability to maintain financial flexibility; and
- the impact of inflation on costs and interest rates.

Without limitations of the foregoing, future dividend payments, if any, and the level thereof, are 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, commodity prices, 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 the frequency thereof, 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.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated or implied by such forward-looking statements due to a number of factors and risks. These include:

- the material uncertainties and risks described under the heading "Advisories and guidance";
- the material assumptions and observations described under the headings "About Tamarack Valley Energy Ltd.", "2024 in review", "Q4 2024 operational and financial highlights", "Highlights for the three months and year ended December 31, 2024", "Reserves update", "2025 outlook", "Production", "Benchmark prices", "Oil and natural gas sales", "Risk management", "Royalties", "Net production expenses", "Transportation expenses", "Carbon tax", "Operating netback", "General and administrative ("G&A") expenses", "Stock-based compensation expense", "Finance expense", "Income taxes", "Depletion and depreciation ("D&D")", "Adjusted funds flow and net income", "Investment in oil and natural gas assets", "Clearwater Infrastructure Partnership", "Dispositions", "Liquidity and capital resources" and "Selected quarterly and annual information";
- the risks relating to inclement and severe weather events and natural disasters, including fire, drought and flooding and corresponding effects, including in respect to safety, asset integrity, shutting in production, impact on production, maintaining 2025 guidance and resumption of operations;
- the risks with respect to unplanned third-party pipeline or natural gas processing facility outages;
- the risks associated with the oil and gas industry in general, such as operational risks in development, exploration and production and including continued weakness and volatility in commodity prices and petroleum product prices;
- the actions of OPEC and non-OPEC oil and gas exporting countries to set production levels and the influence on oil prices and global demand;
- Russia's military actions in Ukraine;
- the Israel-Hamas conflict;
- delays or changes in plans with respect to exploration or development projects or capital expenditures;
- volatility in market prices for oil and natural gas;
- uncertainties associated with estimating proved plus probable oil and natural gas reserves and the ability of the Company to realize value from its properties;
- geological, technical, drilling and processing problems;
- facility and pipeline capacity constraints and access to processing facilities and to markets for production;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- risk that the new U.S. administration imposes tariffs on Canadian goods, including crude oil and natural gas, and that such tariffs (and/or the Canadian government's response to such tariff) adversely affect the demand and/or market price for the Company's products and/or otherwise adversely affect the Company;
- uncertainties associated with timing of the next Canadian federal election, the successful party and any resulting changes on law or policy;
- credit worthiness of counterparties to commodity, foreign exchange and interest rate contracts;
- increased borrowing costs due to increased lending rates from prime rate increase, negative changes to financial metrics evaluated under the Credit Facility and Senior Notes sustainability performance targets;
- uncertainty regarding the full impact of pandemics on global economies and oil demand and commodity prices;
- marketing and transportation;
- prevailing weather and break-up conditions;
- environmental risks;
- competition for, among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel;
- net production costs, transportation and future development costs;
- the ability to access sufficient capital from internal and external sources;
- changes in tax, royalty and environmental legislation and any government policy, including Bill C-59;
- any legal proceedings, the results thereof and the impact on the Company's business, financial condition and results of operations;
- third party inability to manage inflationary cost pressures;
- changes in the political landscape, both domestically and abroad; and
- increased operating and capital costs due to inflationary pressures (actual and anticipated).

Readers are cautioned that the foregoing list of risk factors is not exhaustive. The risk factors above should be considered in the context of current economic conditions, increased supply resulting from evolving exploitation methods, the attitude of lenders and investors towards corporations in the energy industry, potential changes to royalty and taxation regimes and to environmental and other government regulations, the condition of financial markets generally, as well as the stability of joint venture and other business partners, all of which are outside the control of the Company. Also, to be considered are increased levels of political uncertainty and possible changes to existing international trading agreements and relationships. Legal challenges to asset ownership, limitations to rights of access and adequacy of pipelines or alternative methods of getting production to market may also have a significant effect on the Company's business. Additional information on these and other factors that could affect the business, operations or financial results of Tamarack are included in reports on file with applicable securities regulatory authorities, including but not limited to Tamarack's Annual Information Form for the year ended December 31, 2024, which may be accessed on Tamarack's SEDAR+ profile www.sedarplus.com or on the Company's website at www.tamarackvalley.ca.

This MD&A contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Tamarack's 2025 development capital program and plans regarding payment of 2025 dividends and any share repurchases by using available increased credit facilities combined with anticipated adjusted funds flow, commodity prices, Tamarack's 2025 capital guidance and components thereof including prospective results of operations and production, planned investment in oil and natural gas assets; expected capital expenditures (including in respect of Tamarack's capital E&D budget), 2025 annual guidance and the components thereof including capital investments and annual average production, average oil & NGL weighting, and expenses (including expected royalty rates, net production expenses, transportation expenses, leasing expenditures, carbon tax, G&A expenses, interest and income taxes), payout of wells, adjusted funds flow, net debt (and the reduction thereof), capital requirements, return of capital, balance sheet strength, the Company's 2025 budget and associated targets, debt repayments, Tamarack's 2025 base capital investment program of $430 - $450 million, targeting average production range of 65,000 - 67,000 boe per day in 2025 at Clearwater and Charlie Lake development areas, expected commitments and contingencies of the Company over the upcoming years and the components thereof, total returns and components thereof, decline rates, netback enhancement from blending, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs and the assumptions outlined under "Non-GAAP Financial Measures and Non-GAAP Financial Ratios" and "Capital Management Measures and Ratios", and should not be used for purposes other than those for which it is disclosed herein. Tamarack and its management believe that the prospective financial information 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, Tamarack's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future activities or results.

The forward-looking statements and FOFI contained in this MD&A, as defined by Canadian securities legislation, are approved by management as of the date hereof and Tamarack undertakes no obligation to update publicly or revise any forward-looking statements, forward-looking information or FOFI whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements and FOFI contained herein are expressly qualified by this cautionary statement.

Independent reserves evaluation

Estimates of the Company's reserves and related estimates of net present value of future net revenues as at December 31, 2024 and December 31, 2023, are based upon reports prepared by McDaniel & Associates Consultants Ltd. ("McDaniel") and GLJ Ltd. ("GLJ"), evaluating the Company's oil, natural gas and NGL reserves and related estimates of net present value of future net revenue, dated January 20, 2025 and January 10, 2025, respectively. The estimates of reserves provided in this document are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided in this in this document, and the difference may be material. There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only. There is no assurance that the forecast price and cost assumptions applied by McDaniel or GLJ in evaluating Tamarack's reserves will be attained and variances could be material. For important additional information regarding the independent reserves evaluation that was conducted by McDaniel and GLJ, please refer to the AIF, which is available on SEDAR+.

Certain oil and gas terms

Certain terms used in this MD&A that are not otherwise defined herein are provided below:

- **developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
- **developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
- **reserves** are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates.
- **proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- **probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- **Proved plus probable reserves** is the sum of proved reserves and probable reserves.
- **gross** means: in relation to reserves, the applicable working interest (operating or non-operating) share before royalties and without including any royalty interests; and, in relation to wells, the total number of wells in which the Company has an interest.
- **net** means: in relation to the Company's interest in wells, the number of wells obtained by aggregating the Company's working interest in each of its gross wells; and in relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company.

Note regarding product types

This MD&A includes references to total average daily production, crude oil production, NGLs production and natural gas production. NGLs refers to all natural gas liquids, consisting of condensate, pentanes plus, butane, propane and ethane. Natural gas refers to conventional natural gas and shale gas combined. Crude oil refers to light, medium, and heavy crude oil combined.

Abbreviations

1P	Proven reserves
2P	Proven and probable reserves
AECO	Alberta Energy Company benchmark for natural gas
Bbl(s)	barrel(s)
bbls/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
CGU	Cash-generating unit
CWH	Clearwater heavy oil product
EOR	Enhanced oil recovery
ESG	Environment, sustainability and governance
GAAP	Generally accepted accounting principles
GHG	Greenhouse gas emissions
IFRS	IFRS Accounting Standards
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
MSW	mixed sweet blend, the benchmark for conventionally produced light sweet crude oil in Western Canada
NCWC	non-cash working capital
NGL	natural gas liquids
nm	not meaningful information
NYMEX	New York Mercantile Exchange
PP&E	Property, plant and equipment
WCS	Western Canadian Select, the benchmark for both conventionally produced and oilsands produced heavy sour crude oil in Western Canada
WTI	West Texas Intermediate, the reference price paid for crude oil of standard grade in US dollars at Cushing, Oklahoma

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tamarack Valley Energy Ltd.

Opinion

We have audited the consolidated financial statements of Tamarack Valley Energy Ltd. (the Entity), which comprise:

- the consolidated balance sheets as at December 31, 2024 and December 31, 2023
- the consolidated statements of income and comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the impact of estimated proved and probable oil and natural gas reserves on depletion expense

Description of the matter

We draw attention to note 3, note 4 and note 6 to the financial statements. The Entity uses estimated proved and probable oil and natural gas reserves to deplete property, plant and equipment included in oil and natural gas assets. The Entity has $3,773 million of oil and natural gas assets as at December 31, 2024. The Entity depletes its net carrying value of property, plant and equipment using the unit of production method by reference to the ratio of production in the period to the related proved and probable oil and natural gas reserves, taking into account estimated forecasted future development costs necessary to bring those reserves into production. Depletion expense recorded related to the Entity's property, plant and equipment was $579.4 million for the year ended December 31, 2024.

The estimate of proved and probable oil and natural gas reserves requires the expertise of qualified reserves evaluators and includes significant assumptions related to:

- Forecasted oil and natural gas commodity prices
- Forecasted production
- Forecasted production costs
- Forecasted royalty costs
- Forecasted future development costs.

The Entity engages external independent qualified reserves evaluators to estimate the proved and probable oil and natural gas reserves.

Why the matter is a key audit matter

We identified the assessment of the impact of estimated proved and probable oil and natural gas reserves on depletion expense as a key audit matter. Significant auditor judgment was required to evaluate the results of our audit procedures regarding the estimate of proved and probable oil and natural gas reserves.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We assessed the depletion expense calculation for compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

With respect to the estimate of proved and probable oil and natural gas reserves:

- We evaluated the competence, capabilities and objectivity of the external independent qualified reserves evaluators engaged by the Entity
- We compared forecasted oil and natural gas commodity prices to those published by other external independent qualified reserves evaluators
- We compared the 2024 actual production, production costs, royalty costs and development costs of the Entity to those estimates used in the prior year's estimate of proved oil and natural gas reserves to assess the Entity's ability to accurately forecast
- We evaluated the appropriateness of forecasted production and forecasted production costs, royalty costs and future development costs assumptions by comparing to 2024 historical results. We took into account changes in conditions and events affecting the Entity to assess the adjustments or lack of adjustments made by the Entity in arriving at the assumptions.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Brad William Robertson.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
February 24, 2025

TAMARACK VALLEY ENERGY LTD.

Consolidated Balance Sheets
As at December 31, 2024 and 2023
(thousands of Canadian dollars)

As at	Notes	December 31, 2024	December 31, 2023
Assets			
Current assets			
Cash	2	$ **7,391**	$ 2,220
Accounts receivable	5	**139,223**	141,041
Prepaid expenses and deposits		**11,186**	18,024
Risk management contracts	8	**20,050**	36,092
Assets held for sale	6	**37,558**	-
		215,408	197,377
Oil and natural gas assets	6	**3,773,355**	4,012,971
		3,988,763	4,210,348
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		**199,808**	201,531
Debt	2, 7	**-**	140,167
Risk management contracts	8	**31,563**	5,355
Other liabilities	9	**22,004**	15,317
Asset retirement obligations	11	**7,700**	13,000
Liabilities associated with assets held for sale	6, 11	**14,327**	-
		275,402	375,370
Debt	2, 7	**738,123**	771,811
Other liabilities	9	**206,684**	175,774
Asset retirement obligations	11	**172,581**	176,971
Deferred income taxes	12	**474,116**	535,490
		1,866,906	2,035,416
Shareholders' equity			
Share capital	13	**1,764,900**	1,879,250
Treasury shares	13	**(3,735)**	(2,416)
Contributed surplus	18	**20,823**	28,458
Retained earnings		**339,869**	269,640
		2,121,857	2,174,932
		$ **3,988,763**	$ 4,210,348

Commitments and contingencies 10

See accompanying notes to the Annual Financial Statements.

(signed)
John Rooney
Director, Tamarack Valley Energy Ltd.

(signed)
John Leach
Director, Tamarack Valley Energy Ltd.

TAMARACK VALLEY ENERGY LTD.

Consolidated Statements of Income and Comprehensive Income
For the years ended December 31, 2024 and 2023
(thousands of Canadian dollars, except per share amounts)

Years ended December 31	Notes	2024	2023
Revenue			
Oil and natural gas sales	16	**$ 1,720,732**	$ 1,702,930
Sale of purchased product		**17,653**	16,355
Processing and other income		**3,125**	4,489
Royalties		**(337,378)**	(317,303)
		1,404,132	1,406,471
Risk management contracts			
Realized loss	8	**(11,291)**	(30,089)
Unrealized gain (loss)	8	**(51,581)**	46,248
		1,341,260	1,422,630
Expenses			
Production		**205,204**	235,813
Transportation		**80,727**	95,338
Product purchases and blending		**19,511**	20,882
Carbon tax		**7,226**	15,915
General and administrative		**32,706**	31,360
Stock-based compensation	18	**17,560**	13,069
Finance	17	**95,838**	111,879
Depletion and depreciation	6	**588,019**	631,063
Loss on dispositions and assets held for sale	6	**85,148**	125,954
		1,131,939	1,281,273
Net income before income taxes		**209,321**	141,357
Income taxes			
Current income tax expense	12	**108,476**	109,091
Deferred income tax recovery	12	**(61,374)**	(61,930)
		47,102	47,161
Net income and comprehensive income		**$ 162,219**	$ 94,196
Net income per share			
Basic	14	**$ 0.30**	$ 0.17
Diluted	14	**$ 0.30**	$ 0.17

See accompanying notes to the Annual Financial Statements.

TAMARACK VALLEY ENERGY LTD.

Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(thousands of Canadian dollars)

Year ended December 31	Notes	2024	2023
Operating activities			
Net income		$ **162,219**	$ 94,196
Items not affecting cash:			
Depletion and depreciation	6	**588,019**	631,063
Deferred income tax recovery	12	**(61,374)**	(61,930)
Unrealized (gain) loss on risk management contracts	8	**51,581**	(46,248)
Non-cash finance expenses	17	**15,204**	15,995
Loss on dispositions and assets held for sale	6	**84,075**	125,954
Non-cash stock-based compensation	18	**11,236**	5,464
Settlement of asset retirement obligations	11	**(13,154)**	(12,908)
Changes in non-cash working capital	19	**(4,594)**	(119,960)
Cash provided by operating activities		**833,212**	631,626
Financing activities			
Net proceeds (repayment) of revolving debt	2, 7	**(50,245)**	66,601
Repayment of term debt instruments	7	**(140,167)**	(351,598)
Proceeds from issuance of other liabilities	9	**41,801**	146,529
Repayment of other liabilities	9	**(9,371)**	(4,927)
Purchase of common shares for cancellation	13	**(135,352)**	-
Purchase of common shares for treasury	13	**(11,600)**	(9,577)
Proceeds from exercise of equity compensation units	13, 18	**1,256**	763
Dividends	13	**(81,474)**	(83,521)
Changes in non-cash working capital	19	**10,492**	(15,660)
Cash used in financing activities		**(374,660)**	(251,390)
Investing activities			
Investments in oil and natural gas assets	6	**(450,905)**	(516,456)
Acquisitions	6	**-**	(17,499)
Proceeds (payments) from disposals	6	**(1,748)**	141,476
Changes in non-cash working capital	19	**(728)**	14,463
Cash used in investing activities		**(453,381)**	(378,016)
Change in cash	2	**5,171**	2,220
Cash, beginning of year	2	**2,220**	-
Cash, end of year	2	$ **7,391**	$ 2,220

See accompanying notes to the Annual Financial Statements.

TAMARACK VALLEY ENERGY LTD.

Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2024 and 2023
(thousands of Canadian dollars)

As at December 31	Notes	2024	2023
Share capital			
Balance, beginning of year		$ 1,879,250	$ 1,879,250
Purchase of common shares for cancellation	13	(114,350)	-
Balance, end of year		1,764,900	1,879,250
Treasury shares			
Balance, beginning of year		(2,416)	(2,451)
Purchase of common shares for exercise of equity compensation units	13	(11,600)	(9,577)
Exercise of equity compensation units	13	9,025	8,849
Proceeds from exercise of equity compensation units		1,256	763
Balance, end of year		(3,735)	(2,416)
Contributed surplus			
Balance, beginning of year		28,458	27,475
Exercise of equity compensation units	18	(9,025)	(8,849)
Stock-based compensation	18	11,876	9,832
Purchase of common shares for cancellation	13	(10,486)	-
Balance, end of year		20,823	28,458
Retained earnings			
Balance, beginning of year		269,640	258,965
Purchase of common shares for cancellation	13	(10,516)	-
Dividends	13	(81,474)	(83,521)
Net income		162,219	94,196
Balance, end of year		$ 339,869	$ 269,640
Total shareholders' equity, beginning of year		$ 2,174,932	$ 2,163,239
Total shareholders' equity, end of year		$ 2,121,857	$ 2,174,932

See accompanying notes to the Annual Financial Statements.

1. Reporting entity

Tamarack Valley Energy Ltd. ("Tamarack" or the "Company") is a corporation engaged in the exploration, development, production and sale of oil and natural gas in the Western Canadian Sedimentary Basin. Tamarack is a publicly traded company on the Toronto Stock Exchange ("TSX") and is traded under the symbol "TVE". The Company is incorporated and domiciled in Alberta, Canada with a registered office address located at Suite 4300, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5 and the head office address located at Suite 1700, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1. These audited consolidated financial statements for the years ended December 31, 2024 and 2023 (the "Annual Financial Statements") were approved and authorized by the Board of Directors on February 24, 2025.

2. Basis of preparation

These Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The Annual Financial Statements have been prepared on a historical cost basis with the exception of certain financial instruments and equity compensation units which are measured at their estimated fair value. These Annual Financial Statements consist of Tamarack and its subsidiaries. Intercompany balances and any income and expenses arising from intercompany transactions have been eliminated. These Annual Financial Statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

Certain comparative figures in these Annual Financial Statements have been adjusted to conform with the current period presentation. On the balance sheet and statement of cash flows, cash has been presented separately instead of being netted against debt. Decommissioning obligations were renamed to asset retirement obligations. Blending expenses have also been presented together with product purchases on the statements of income and comprehensive income. There were no changes to the consolidated operating results or financial position for the year ended December 31, 2023, as a result of these presentation changes.

3. Material accounting policies

Oil and natural gas assets

Oil and natural gas assets are measured at historical cost less accumulated depletion, depreciation and impairment. The Company begins capitalizing costs after the right to explore has been acquired and includes land acquisition costs, geological and geophysical activities, surface construction, drilling activities, completion activities, well equipment, facilities construction and directly attributable general and administrative costs. Pre-license expenditures are expensed as incurred. All subsequent investments in the development of oil and natural gas assets are capitalized if the expenditure is considered a betterment and provides future economic benefits beyond one year.

Oil and natural gas assets are classified as exploration and evaluation ("E&E") assets where technical feasibility and commercial viability has not yet been established. These criteria are generally deemed to have been achieved when commercial quantities of proved and probable reserves are present, and the Company has sanctioned field development. When technical feasibility and commercial viability has been established, the E&E assets are tested for impairment and then reclassified to property, plant and equipment ("PP&E"). Investments are capitalized directly to PP&E if technical feasibility and commercial viability in respect of a particular project have previously been established.

Undeveloped E&E assets are depreciated on a straight-line basis over the term of the lease and are fully expensed upon expiry. The Company's oil and natural gas assets are depleted utilizing the unit of production method relative to its associated proved and probable oil and natural gas reserves. The depletion base consists of historical capitalized costs plus the estimated future development costs necessary to bring estimated proved and probable reserves into production. Natural gas production and reserves are converted to barrels of oil equivalent based on their relative energy content (6:1). Corporate assets and other investments are depreciated using the declining-balance method over their estimated useful lives.

Gains and losses from the disposal of oil and natural gas assets are determined by comparing the proceeds of the sale to the carrying value of the corresponding de-recognized assets with any differential recognized in net income. Oil and natural gas assets and their corresponding liabilities are presented as held for sale on the balance sheet when the Company has entered into a committed plan to sell the assets and the sale is expected to be completed within one year from the date of classification. Assets held for sale are not subject to depletion and depreciation and are measured at the lower of carrying value and the fair value less costs to sell, with any reduction recognized as an impairment loss.

Impairment

Tamarack reviews its oil and natural gas assets for indicators of impairment at each reporting period which includes a review of changes in current and forecasted commodity prices, financial and operational results, future development plans, reservoir performance and reserves. If any indicators exist, the CGU is tested for impairment and a loss is recorded to the extent that its carrying value exceeds the estimated recoverable amount. For the purposes of impairment reviews and testing, the Company's PP&E and E&E assets are aggregated into cash-generating units ("CGUs") which are defined as the lowest level of asset grouping generating cash inflows that are independent of the cash inflows of other groups of assets or properties. The classification of CGUs is generally based on shared infrastructure, geographical proximity, product type and similar exposure to market risk. As at December 31, 2024, the Company's CGUs were the Clearwater, Charlie Lake, Viking and Penny asset areas.

The recoverable amount of the CGU is determined to be the greater of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). FVLCD is based on the estimated recoverable amount for which the asset could be sold in an arm's length transaction between knowledgeable parties, less costs of disposal. In assessing VIU, the value is based on the estimated present value of future cash flows expected to be recovered from continued operation of the CGU. The recoverable value of Tamarack's CGUs is primarily estimated using discounted cash flows from proved plus probable reserves, purchase and sale agreements, observable third-party business combination transaction metrics or comparable third-party land transactions adjacent to the Company's acreages.

Financial instruments

Tamarack's financial assets and liabilities consist of cash, accounts receivables, risk management contracts, accounts payable and accrued liabilities, other liabilities and debt. Financial assets and liabilities are generally measured on the consolidated balance sheet at either fair market value or amortized cost. All of Tamarack's financial instruments are measured at amortized cost other than risk management contracts and cash-settled equity compensation units. The carrying value for all the Company's financial instruments generally approximates their fair value, with the exception of debt and other liabilities.

Realized gains and losses from the settlement of risk management contracts as well as unrealized gains and losses from the remeasurement of those instruments to fair market value at each reporting period are recognized in net income as incurred. Transaction costs related to financial instruments recognized at fair value are expensed. Financial instruments recognized at amortized cost are accreted towards their settlement value over time whereby the associated transaction costs or discount factors are capitalized together with the host instrument and then amortized over the term of the underlying contract.

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized using a three-level hierarchy based on the number and quality of observable inputs used to value the instruments:

- Level 1 – valuations are based on quoted prices that are available in active markets for identical assets or liabilities
- Level 2 – valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors which can be substantially observed or corroborated in the marketplace
- Level 3 – valuations that are not based on observable market data

All of Tamarack's financial instruments measured or disclosed at fair value utilize a Level 2 valuation. Any impairment loss of financial assets is determined by assessing and measuring the expected losses of the instruments at each reporting period. When measuring expected credit losses, the Company considers a variety of factors including: evidence of the debtor's financial condition, history of collections, probability of recovery, the term of the receivable and any changes in economic conditions. Financial assets and liabilities are reflected net on the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Revenue

The Company generates revenue primarily from the sale of produced oil, natural gas and natural gas liquids ("NGLs"). Revenues are measured at the agreed upon transaction price and volume specified in the contracts with customers. Tamarack recognizes revenue when it transfers control of the product to the buyer, which generally occurs at the custody transfer location where the products are physically delivered and legal title has been assigned to the customer. The nature of each performance obligation, including roles of third parties and partners, are evaluated to determine if the Company acts as a principal, and recognizes revenue on a gross basis, or as an agent, and recognizes revenue on a net basis. Tamarack acts as the principal for substantially all of the Company's oil and natural gas sales as it controls the product before being delivered to the customer. Revenues earned from the processing of third-party volumes are recognized once the service has been performed. Tamarack records royalties near the date of extraction based on provincial royalty frameworks or the contracted terms of the mineral rights agreements.

The Company sells its production pursuant to fixed or variable volume and price marketing contracts. The transaction price is typically based on a quoted benchmark commodity price, adjusted for quality differentials, location or other economic factors. The contracts can often commit Tamarack to delivering specified fixed volumes of products to the counterparty. These own-use physical-delivery and sales contracts are not held for trading or speculative purposes and are, therefore, not measured at fair value at each reporting period.

The sale of purchased product and the corresponding cost of product purchases is recorded on a gross basis when commodities are purchased for resale to a separate downstream customer. If Tamarack enters into a product purchase and resale netting transaction with the same counterparty to facilitate the downstream delivery of like commodities on the transportation system (a commodity swap arrangement), the transaction is recorded on a net basis.

Asset retirement obligations

Tamarack recognizes a provision if the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Tamarack's provisions primarily consist of asset retirement obligations associated with dismantling, abandonment, reclamation and remediation activities related to the Company's oil and natural gas assets. At initial recognition, Tamarack recognizes an asset retirement cost and corresponding liability on the balance sheet, measured at the present value of their inflated future cash outflows to settle the obligation utilizing a risk-free discount rate. The asset retirement costs are depleted over the useful life of the underlying oil and natural gas assets and the asset retirement liabilities are accreted upwards over time to their estimated settlement value at the expected date of closure. Together, these charges reflect the estimated cost of abandonment in net income over time. Changes in estimated future cash flows or discount rates are recognized against oil and natural gas assets. Actual costs incurred to settle the obligations reduce the liability.

Income tax

Tamarack's income tax expense is comprised of current and deferred tax recognized in respect of the Company's earnings which are anticipated under the Income Tax Act (Canada). Income tax expense is recognized through net income, except to the extent that it relates to business combinations or shareholders' equity, in which case, the taxes are recognized directly on the balance sheet. Current income tax expense reflects the expected taxes payable relating to income earned during the current year, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax values. Deferred income tax expense reflects the accrued value of income taxes that are expected to apply on taxable income in future years when these temporary differences reverse. Deferred tax is measured on an undiscounted basis using tax rates that have been enacted or substantially enacted and that are expected to apply in future years. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset with the same tax authority in respect of the same taxable entity. A deferred tax asset is only recorded to the extent it is probable that the available carry-forward tax deductions can be utilized to shelter taxable profits from income tax.

Basis of consolidation

Tamarack consolidates the assets, liabilities and operating results of its subsidiary corporations and partnerships when the Company's controlling interest has the power to govern the financial and operating policies of the entity, provides exposure to the variable returns and controls the timing and extent of those returns. Many of Tamarack's oil and natural gas activities also involve undivided interests in jointly owned assets and operations without the establishment of a corporation, partnership or other entity and, therefore, reflect only the Company's proportionate interest in those assets, liabilities revenues and expenses.

Stock-based compensation

Tamarack's stock-based compensation expense consists of restricted share units ("RSUs"), performance share units ("PSUs"), restricted incentive awards ("RIAs"), and performance incentive awards ("PIAs") granted to employees, officers, service providers, and directors of the Company. Tamarack also has outstanding stock options issued under legacy equity compensation plans.

Cash-settled and equity-settled awards are initially measured at their grant date fair value and expensed over the vesting period with a corresponding increase to other liabilities and contributed surplus, respectively. The fair value of RSUs, PSUs, RIAs, and PIAs is initially based on the Company's share price at the grant date. The fair value of cash-settled awards is subsequently adjusted to reflect any change in fair value at each reporting period. Cash award settlements reduce the corresponding liability. When equity-settled awards are exercised or released, the original expense previously recognized as contributed surplus is reflected as an increase to share capital.

The primary non-market vesting condition for Tamarack's equity compensation arrangements is continuous employment. An estimated forfeiture rate is initially applied to the valuation of these awards and is subsequently adjusted to reflect the actual number of awards that ultimately vest. PSUs and PIAs are also subject to certain other performance-based vesting conditions which are established by the Company's board of directors. Following the performance period, a pre-determined adjustment factor is applied to the vesting units which may act to increase or decrease the number of awards that ultimately vest. The fair value of these awards on the date of grant is initially adjusted to reflect the probability of these outcomes. For equity-settled awards, the stock-based compensation expense attributable to performance factors that are dependent upon market conditions are not subsequently adjusted for actual results. The stock-based compensation expense attributable to performance factors that are dependent upon non-market conditions are subsequently adjusted for actual results.

Share capital

The issuance of common shares for consideration is reflected as share capital, net of incremental issuance costs and the associated tax impact. When Tamarack purchases its common shares for cancellation under a normal course issuer bid, share capital is reduced by the weighted average carrying value of the shares. The net book value of common shares purchased in excess of the amount paid for the shares is recognized as contributed surplus. Any amount paid for common shares purchased in excess of their net book value is first recognized as a reduction to contributed surplus to the extent it was created from previous share buy backs, with the remainder recognized as a distribution from retained earnings. When Tamarack purchases its own common shares to settle the exercise of equity compensation units (treasury shares), the Company's share capital is reduced by the weighted average value of the common shares acquired.

Earnings per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period, excluding treasury shares. Diluted earnings per share is determined by adjusting the weighted average number of common shares outstanding by repurchased shares and the number of shares which would have had a dilutive effect on net income during the period had all outstanding in-the-money equity compensation units been exercised.

4. Significant estimates and judgments

Oil and natural gas assets

Tamarack applies judgment when capitalizing E&E and PP&E costs as it requires the Company to apply the capitalization eligibility criterion to various development activities that are unique to the oil and natural gas industry. The classification of E&E assets requires judgment as Tamarack must define and establish thresholds for determining whether technical feasibility and commercial viability has been established. The determination of CGUs requires judgment as the Company is required to define and establish these asset groupings based on their specific nature and characteristics. Judgments are required to assess the relevant external and internal indicators of impairment for each CGU as the Company must assess qualitative and quantitative impacts for determining if an indicator is present, such that an impairment test is then required.

Tamarack utilizes reserves estimates primarily for calculating depletion and estimating the recoverable value of CGUs for impairment testing. Reserves estimates are also used to support the valuation of business combinations, asset acquisitions, deferred income tax assets and the determination of technical feasibility and commercial viability of E&E assets. Reserves estimates, which consist of an estimate of proved and probable oil and natural gas reserves, are subject to measurement uncertainty and include significant assumptions regarding forecasted production, forecasted oil and natural gas commodity prices, forecasted production costs, forecasted royalty costs and forecasted future development costs. Tamarack's estimated reserves are assessed by external independent qualified reserves evaluators using the standards contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101.

Laws, standards, rules, regulations or other pronouncements enforced by governments both domestic and abroad could significantly impact the Company's business, financial condition, operating results and access to capital. Such actions may include, among other things, tariffs or the threat of tariffs. The impacts of climate change, including governments' response and the advancement of a global transition to alternative energy, is another a source of uncertainty for Tamarack and could impact key estimates and assumptions regarding the measurement of certain balances and transactions in these Annual Financial Statements. Estimates regarding the value of the Company's oil and natural gas assets, depletion, impairment, reserves, asset retirement obligations, and carbon taxes are all subject to measurement uncertainty due to the risks of government policy and climate change.

Other estimates and judgments

The valuation of Tamarack's asset retirement obligations includes estimates regarding the future costs required to abandon and reclaim wells and associated infrastructure under current regulatory requirements, the timing of those abandonments and future inflation and discount rates. Actual future abandonment and reclamation costs could be materially different from these estimates.

Tamarack applies judgment in the interpretation of tax laws, rules and regulations under the Income Tax Act (Canada) which are subject to change by the prevailing government. These changes can impact the timing of the reversal of temporary tax differences, the tax rates in effect when such differences reverse and the Company's ability to utilize tax losses and other credits in the future. Deferred tax assets and liabilities are recognized when it is considered probable that the amounts will be realized in the future which requires significant estimates and assumptions regarding the future utilization of carry-forward tax pools.

Tamarack's fair market valuation of risk management contracts at each reporting period includes significant estimates and assumptions regarding forecasted commodity prices, foreign exchange rates, interest rates, volatility curves and credit risk. Accordingly, there is measurement uncertainty associated with these mark-to-market valuations and they are subject to change.

Tamarack applies judgment in assessing whether the Company controls the Clearwater Infrastructure Partnership for the purposes of consolidated reporting.

5. Receivables

December 31	Notes	2024	2023
Oil and natural gas sales		**$ 125,919**	$ 100,868
Joint venture billings		**5,987**	6,331
Risk management contracts settlements	8	**-**	5,968
Clearwater Infrastructure Partnership	9	**-**	15,000
Other receivables		**7,317**	12,874
Accounts receivable		**$ 139,223**	$ 141,041

Tamarack manages credit risk primarily by transacting with high quality counterparties, limiting exposure to any individual counterparty, and evaluating the creditworthiness of counterparties before entering contracts utilizing third party and internal evaluations or by requiring security on the transaction. Tamarack's accounts receivables primarily relate to oil and natural gas sales that are typically collected on the 25th day of the month following production. The Company historically has not experienced any material collection issues from its oil and natural gas sales. As at December 31, 2024, credit risk associated with Tamarack's accounts receivables was considered low as 21 investment-grade customers accounted for greater than 90% of outstanding balances (December 31, 2023: 24 customers, greater than 80%).

Under the terms of the Clearwater Infrastructure Partnership arrangement, Tamarack assumed minimum capital investment obligations of $15.0 million to complete the construction of ongoing gas conservation and enhancements projects with respect to infrastructure assets contributed to the partnership in the fourth quarter of 2023. In return, Tamarack received a $15.0 million promissory note to be collected upon completion of the projects. During the second quarter of 2024, the projects were completed and the promissory note was collected in full.

6. Oil and natural gas assets and assets held for sale

Cost	PP&E	E&E	Total
Balance at December 31, 2022	$ 5,871,537	$ 51,104	**$ 5,922,641**
Investments in oil and natural gas assets	508,924	7,532	**516,456**
Acquisitions	23,312	-	**23,312**
Non-cash capitalized costs	16,374	-	**16,374**
Transfers	6,568	(6,568)	**-**
Disposals	(855,884)	-	**(855,884)**
Balance at December 31, 2023	$ 5,570,831	$ 52,068	**$ 5,622,899**
Investments in oil and natural gas assets	435,942	14,963	**450,905**
Non-cash capitalized costs	37,658	-	**37,658**
Disposals	(112,418)	-	**(112,418)**
Balance at December 31, 2024(1)	$ 5,932,013	$ 67,031	**$ 5,999,044**

(1) Balance at December 31, 2024 includes $154.0 million of costs related to assets held for sale.

Accumulated depletion, depreciation and impairment losses	PP&E	E&E	Total
Balance at December 31, 2022	$ 1,501,512	$ 5,742	**$ 1,507,254**
Depletion and depreciation	627,897	3,166	**631,063**
Disposals	(528,389)	-	**(528,389)**
Balance at December 31, 2023	$ 1,601,020	$ 8,908	**$ 1,609,928**
Depletion and depreciation	584,151	3,868	**588,019**
Disposals	(47,912)	-	**(47,912)**
Impairment loss on assets held for sale	38,096	-	**38,096**
Balance at December 31, 2024(1)	$ 2,175,355	$ 12,776	**$ 2,188,131**

(1) Balance at December 31, 2024 includes $116.4 million of accumulated depletion, depreciation and impairment losses related to assets held for sale.

Carrying amounts	PP&E	E&E	Total
At December 31, 2022	$ 4,370,025	$ 45,362	**$ 4,415,387**
At December 31, 2023	$ 3,969,811	$ 43,160	**$ 4,012,971**
At December 31, 2024	$ 3,756,658	$ 54,255	**$ 3,810,913**

Balance sheet presentation (December 31)	2024	2023
Oil and natural gas assets	**$ 3,773,355**	$ 4,012,971
Assets held for sale	**37,558**	-
Carrying amount	**$ 3,810,913**	$ 4,012,971

On December 17, 2024, Tamarack entered into a purchase and sale agreement for the disposition of substantially all of the non-core oil and natural gas assets in the Southern Alberta Penny CGU for gross cash proceeds of $28.0 million before closing adjustments. As at December 31, 2024, the assets and corresponding liabilities are presented as held for sale at their anticipated fair value less costs to sell, resulting in an impairment loss of $38.1 million. As part of the sale, Tamarack's asset retirement obligations are expected to be reduced by $14.3 million (Note 11). The transaction is contingent upon the receipt of third-party regulatory approval and is expected to close in the second quarter of 2025. As at December 31, 2024, there were no impairment indicators identified in the Company's remaining three CGUs.

During 2024, the Company also sold other non-core oil and natural gas assets to third parties for nominal proceeds and recorded a loss on disposal of $46.5 million. As part of these dispositions, Tamarack reduced the Company's asset retirement obligations by $18.7 million.

On July 31, 2023, the Company issued a gross overriding royalty (between 2% and 5%) on select portions of its Clearwater and Charlie Lake oil properties and sold a working interest in the Company's Wembley gas plant to a third party for cash proceeds of $39.5 million. The disposals resulted in a gain of $5.3 million. On November 3, 2023, the Company sold its Cardium oil and natural gas assets to a third party for gross cash consideration of $123.0 million and recorded a loss on the disposal of $111.7 million. Net proceeds were $98.9 million. As part of the disposition, Tamarack reduced asset retirement obligations by $75.3 million.

Non-cash costs consist of capitalized asset retirement obligations and stock-based compensation. Investments in E&E assets for the year ended December 31, 2024 consist of undeveloped prospective lands in the Greater Peavine Clearwater area. The calculation of depletion at December 31, 2024 included estimated future development costs of $1.81 billion associated with the Company's proved and probable reserves (December 31, 2023 – $1.87 billion). Depletion expense related to the Company's oil and natural gas interests was $579.4 million for the year ended December 31, 2024 (December 31, 2023 - $623.0 million).

7. Debt

	Credit Facility	Senior Notes	Term Facility	DAP Notes	Total
Balance at December 31, 2022	$ 415,847	$ 287,692	$ 235,000	$ 256,667	**$ 1,195,206**
Proceeds from debt instruments, net	66,601	-	-	-	**66,601**
Repayment of debt instruments, net	-	(98)	(151,500)	(200,000)	**(351,598)**
Unrealized foreign exchange gain	(4,335)	-	-	-	**(4,335)**
Amortization of deferred borrowing costs	3,275	2,829	-	-	**6,104**
Balance at December 31, 2023	$ 481,388	$ 290,423	$ 83,500	$ 56,667	**$ 911,978**
Repayment of debt instruments, net	(50,245)	-	(83,500)	(56,667)	**(190,412)**
Unrealized foreign exchange loss	8,967	-	-	-	**8,967**
Amortization of deferred borrowing costs	4,690	2,900	-	-	**7,590**
Balance at December 31, 2024	$ 444,800	$ 293,323	$ -	$ -	**$ 738,123**
Terms:					
Effective interest rate (annualized)	7.93%	8.22%	9.06%	5.75%	
Maturity date	April 30, 2027	May 10, 2027	-	-	

Bank Debt

As at December 31, 2024, Tamarack had access to a covenant-based $875.0 million revolving lending facility (the "Credit Facility"). The Credit Facility bears interest at a variable market-based interest rate plus an applicable credit margin depending on the Company's senior debt to EBITDA ratio. As at December 31, 2024, Tamarack had access to $423.4 million of undrawn credit under the Credit Facility. There were $5.9 million of letters of credit issued and outstanding under the facility.

The Credit Facility, together with a two-year secured amortizing term-loan (the "Term Facility") collectively formed Tamarack's syndicated, covenant-based credit facility (the "Syndicated Facility"). The Term Facility was a covenant-based, non-revolving lending arrangement with a maturity date of October 13, 2024 and was fully repaid on March 22, 2024. The Syndicated Facility is secured by a $2.5 billion debenture with fixed coverage over all assets of Tamarack, excluding the Clearwater Infrastructure Partnership assets.

On May 3, 2024, the Credit Facility was amended primarily to extend the maturity date of the facility by one year to April 30, 2027. Borrowings in Canadian funds previously referencing the banker's acceptance rate were replaced with borrowings that reference the Canadian Overnight Repo Rate Average ("CORRA"). Tamarack also added an uncommitted accordion feature that provides the Company with the ability to access an incremental $125.0 million of secured debt, subject to certain conditions, including approvals from the lending syndicate.

Senior Notes

During 2022, the Company issued $300.0 million aggregate principal amount of 7.25% interest-bearing senior unsecured notes due May 10, 2027 (the "Senior Notes"). The Senior Notes were issued under a trust indenture and are unsecured obligations of Tamarack ranking pari passu with all the Company's existing and future senior unsecured debt. The Senior Notes are not governed by any financial covenants but contain debt incurrence limitations that may restrict the Company's ability to raise additional senior debt beyond the existing Credit Facility and Senior Notes. The Senior Notes pay interest semi-annually in arrears with the principal amount repayable at the date of maturity. As at December 31, 2024, the fair value of the Senior Notes was approximately 101% of par value (Level 2 valuation).

DAP Notes

During 2022, the Company issued $300.0 million aggregate principal amount of interest-bearing deferred acquisition payments (the "DAP Notes") in connection with the acquisition of Deltastream Energy Corp. and were fully repaid on March 27, 2024.

Financial covenants on the Credit Facility

Covenant (December 31)	Covenant	2024
Total Debt to EBITDA ratio	<3.5:1.0	**0.8:1.0**
Senior Debt to EBITDA ratio	<3.0:1.0	**0.4:1.0**
Interest Coverage ratio	>3.0:1.0	**15.4:1.0**

Total Debt includes the Company's Credit Facility, Senior Notes, and certain other liabilities (Note 9). Senior Debt consists of the Credit Facility. EBITDA is calculated as the trailing 12-month net income before interest, income taxes, non-recurring transactions, unrealized gains, unrealized losses, non-cash items and includes the impact of material acquisitions as if they had occurred at the beginning of the measurement period. Interest coverage is the ratio of EBITDA to cash interest expense for the trailing twelve months ended.

Redemption options on the Senior Notes

The Company currently holds a prepayment option to repurchase the Senior Notes at a cost of 104.0% of principal as at December 31, 2024. The cost of the prepayment option declines to 102.0% on May 10, 2025 and is reduced at each subsequent anniversary date until maturity. Following a change of control, the Senior Note holders may require the Company to repurchase the Senior Notes, in whole or in part, at a purchase price in cash of at least 101% of the aggregate principal amount, plus accrued interest.

Market exposure

Tamarack's draws under the Credit Facility are commonly denominated in US currency. Concurrent with these issuances, the Company enters into cross-currency swaps to mitigate substantially all of the foreign exchange risk associated with these short-term revolving borrowings (Note 8).

The Syndicated Facility is subject to variable market-based interest rates. For the year ended December 31, 2024, a 100-basis point increase in Tamarack's variable-based interest rate loans would have resulted in additional interest expense of $5.0 million based on the average Credit Facility balance outstanding during the year (December 31, 2023 – $6.1 million). Tamarack's cross-currency swaps also mitigate a portion of the exposure to variable market-based interest rates for the duration of the month-to-month contract terms (Note 8).

8. Risk management contracts

	Commodity related contracts	Debt[(1)] related contracts	Total
Balance at December 31, 2022	$ (10,339)	$ (754)	**$ (11,093)**
Realized loss on settlements	30,089	25,134	**55,223**
Change in fair market value	16,159	(29,552)	**(13,393)**
Balance at December 31, 2023	$ 35,909	$ (5,172)	**$ 30,737**
Realized loss (gain) on settlements	11,291	(20,991)	**(9,700)**
Change in fair market value	(62,872)	30,322	**(32,550)**
Balance at December 31, 2024	$ (15,672)	$ 4,159	**$ (11,513)**
Consisting of:			
Current asset	$ 15,891	$ 4,159	**$ 20,050**
Current liability	$ (31,563)	$ -	**$ (31,563)**

(1) Realized gains and losses from the settlement of cross-currency swap contracts are presented net of the offsetting realized foreign exchange gains and losses on the loan principal within the Company's finance expenses.

Financial risk management

Tamarack manages risk associated with changes in commodity prices, foreign exchange rates and interest rates by entering into a variety of risk management contracts. Tamarack believes credit risk associated with the risk management contracts is low as the contracts are held with four large investment grade Canadian financial institutions, all of which are members of the Company's lending syndicate. At December 31, 2024, the Company held the following commodity and foreign exchange derivative contract positions:

Crude oil derivatives		Q1 2025	Q2 2025	Q3 2025	Q4 2025
WTI 2-way collar	Volume (bbls/d)	21,000	21,000	17,500	6,500
	Average Put/Call/Premium (USD/bbl)	65.57/86.62/0.18	64.02/84.49/0.43	61.05/82.08/0.29	60.00/80.35/0.40
MSW differential	Volume (bbls/d)	5,000	5,000	5,000	5,000
	Average Fixed Price (USD/bbl)	(3.93)	(3.93)	(3.93)	(3.93)
WCS differential	Volume (bbls/d)	16,500	3,000	2,000	3,000
	Average Fixed Price (USD/bbl)	(15.02)	(13.43)	(13.90)	(14.43)

Natural gas derivatives		Winter 25[1]	Summer 25[2]	Winter 25-26[1]
AECO 5A swap	Volume (GJ/d)	-	25,500	-
	Average Fixed Price (CAD/GJ)	-	2.69	-
AECO - NYMEX basis	Volume (mmbtu/d)	11,000	-	-
	Average Fixed Price (USD/mmbtu)	(1.04)	-	-
AECO 7A collar	Volume (GJ/d)	2,500	-	-
	Average Put/Call (CAD/GJ)	2.50/4.35	-	-
NYMEX collar	Volume (mmbtu/d)	23,500	-	7,500
	Average Put/Call (USD/mmbtu)	3.05/4.24	-	3.50/4.75

(1) Winter runs from November 1 to March 31 of the given year
(2) Summer runs from April 1 to October 31 of the given year

Foreign exchange derivatives		Q1 2025	Q2 2025	Q3 2025	Q4 2025
CAD/USD collar	Amount (USD/month)	-	-	$5,000,000	$5,000,000
	Average Put/Call (CAD/USD)	-	-	1.34/1.39	1.34/1.39
CAD/USD variable collar	Amount (USD/month)	$32,000,000	$34,500,000	$31,500,000	$31,500,000
	Average Put/Call/knock-in (CAD/USD)[1]	1.34/1.40/1.38	1.34/1.40/1.37	1.34/1.40/1.37	1.34/1.40/1.37
CAD/USD variable collar extension	Amount (USD/month)	$9,000,000	$5,000,000	$3,000,000	$3,000,000
	Average Put/Call/knock-in (CAD/USD) [1]	1.34/1.41/1.38	1.34/1.43/1.38	1.35/1.44/1.39	1.35/1.44/1.39
CAD/USD Swap	Amount (USD/month)	$1,000,000	$4,000,000	$3,000,000	$3,000,000
	Average Fixed Price (CAD/USD)	1.36	1.35	1.35	1.35

(1) If the average rate for the month exceeds the call, Tamarack receives an average rate forward equivalent to the knock-in rate.

Cross-currency swaps	Contract type	Notional value ($USD 000s)	Fixed Exchange rate	Fixed interest rate ($USD)	Fixed interest rate ($CAD)
Dec 18, 2024 - Jan 17, 2025	Swap	$ 100,000,000	1.40	6.68%	5.36%
Dec 18, 2024 - Jan 17, 2025	Swap	$ 17,200,000	1.42	6.68%	5.32%
Dec 18, 2024 - Jan 31, 2025	Swap	$ 195,400,000	1.44	6.68%	5.41%

Tamarack's risk management contracts are subject to master netting agreements that create the legal right to settle the instruments on a net basis. The following table provides a summary of the financial instruments subject to offsetting that are presented net in the Company's consolidated balance sheets:

	December 31, 2024			December 31, 2023		
	Asset	Liability	Net	Asset	Liability	Net
Current asset	$ 133,081	$ (113,031)	$ 20,050	$ 261,029	$ (224,937)	$ 36,092
Current liability	2,330	(33,893)	(31,563)	111	(5,466)	(5,355)
Net position	$ 135,411	$ (146,924)	$ (11,513)	$ 261,140	$ (230,403)	$ 30,737

Market exposure

December 31, 2024	Increase	Decrease
US$10 per bbl change in WTI	**$ (1,074)**	$ 21,481
US$1 per bbl change in MSW differential	**(2,614)**	2,614
US$1 per bbl change in WCS differential	**(3,186)**	3,186
US$0.25 per mmbtu change in NYMEX	**(2,004)**	2,072
US$0.25 per GJ change in AECO	**(1,682)**	1,682
$0.01 change in USD$ to CAD$ exchange rates	**$ (5,387)**	$ 6,132

9. Other liabilities

	Clearwater Infrastructure Partnership	Government loans and other	Lease liabilities	Cash-settled awards (Note 18)	Total
Balance at December 31, 2022	$ -	$ 20,825	$ 10,839	$ 11,991	**$ 43,655**
Right of use asset acquired	-	-	6,266	-	**6,266**
Liabilities incurred, net	141,995	4,534	-	7,605	**154,134**
Payments	(425)	(905)	(5,005)	(9,772)	**(16,107)**
Interest expense	671	-	737	-	**1,408**
Accretion	-	1,735	-	-	**1,735**
Balance at December 31, 2023	$ 142,241	$ 26,189	$ 12,837	$ 9,824	**$ 191,091**
Liabilities incurred, net	41,801	-	-	12,652	**54,453**
Change in estimates	-	(4,381)	1,024	-	**(3,357)**
Payments	(21,286)	(795)	(3,602)	(6,324)	**(32,007)**
Interest expense	15,501	-	811	-	**16,312**
Accretion	512	1,684	-	-	**2,196**
Balance at December 31, 2024	$ 178,769	$ 22,697	$ 11,070	$ 16,152	**$ 228,688**
Consisting of:					
Current liability	$ 7,498	$ 2,579	$ 3,922	$ 8,005	**$ 22,004**
Non-current liability	$ 171,271	$ 20,118	$ 7,148	$ 8,147	**$ 206,684**

Clearwater Infrastructure Partnership

On December 15, 2023, Tamarack and 12 First Nations and Métis communities (the "Indigenous Communities") completed a series of definitive agreements whereby the Indigenous Communities acquired an 85% non-operating working interest in the newly formed Clearwater Infrastructure Limited Partnership (the "Partnership"). Pursuant to the arrangement, Tamarack transferred certain Clearwater midstream assets with a fair value of $172.0 million to the Partnership for consideration of $131.2 million cash, a promissory note of $15.0 million and a 15% operating working interest.

Tamarack assumed a 16-year take-or-pay commitment for 29,000 boe/d and is responsible for all associated operating and maintenance costs. The Company has also retained full access to 100% of Tamarack's existing midstream capacity and priority access to any incremental capacity above the minimum take-or-pay commitment, where volumes can be utilized on a prescribed fee-for-service basis.

On September 17, 2024, Tamarack expanded the Clearwater Infrastructure Partnership to include a 13th Indigenous community to the arrangement. Under the terms of the transaction, Tamarack transferred additional Clearwater midstream assets with a fair value of $50.8 million to the partnership for cash consideration of $43.2 million and retained a 15% operated working interest. In exchange, Tamarack assumed higher fees on the pre-existing 16-year commitment. The take-or-pay volumes did not change and all other material terms of the original partnership arrangement were retained under the expansion.

The Indigenous Communities hold a put option to sell the midstream assets to Tamarack on the 10th and 16th anniversary dates of the agreement for $131.0 million and $78.9 million, respectively. Tamarack holds a call option to purchase the midstream assets on the 16th anniversary date for $149.5 million. No amounts were recorded for the value of the put/call options.

Contributions to the Clearwater Infrastructure Partnership did not constitute a disposition as the Company retained control of the midstream assets. Accordingly, Tamarack continues to report the partnership infrastructure assets as PP&E and has recognized a discounted financial liability of $178.8 million (net of transaction costs) as of December 31, 2024, reflecting the non-operated 85%

share of the minimum take-or-pay commitment over the remaining term. All intercompany transactions arising in respect of the Company's 15% operated share of the Clearwater Infrastructure Partnership have been eliminated.

Government loans and other

As at December 31, 2024, the Company holds an interest-free government loan for $24.5 million that is repayable under the Federal Government of Canada's Emissions Reduction Fund for the construction of certain methane conservation facilities in the Company's Clearwater development area. The agreements include scheduled repayments at various dates spanning from 2025 to 2028. The loan will remain interest-free subject to the Company's compliance with the terms and conditions of the agreement and the pre-established repayment schedule.

10. Commitments and contingencies

As at December 31, 2024	2025	2026	2027	2028	2029+	Total
Credit Facility	$ -	$ -	$ 445,618	$ -	$ -	**$ 445,618**
Senior Notes	-	-	300,000	-	-	**300,000**
Accounts payable and accrued liabilities	199,808	-	-	-	-	**199,808**
Risk management contracts	31,563	-	-	-	-	**31,563**
Clearwater Infrastructure Partnership (CIP)	7,498	8,283	9,152	10,187	148,722	**183,842**
Other liabilities, excluding CIP	14,556	14,905	16,914	4,234	2,588	**53,197**
Financial liabilities on the balance sheet	253,425	23,188	771,684	14,421	151,310	**1,214,028**
Interest on debt and other liabilities	66,097	65,031	32,973	15,640	93,445	**273,186**
Take-or-pay commitments	35,401	34,039	31,203	32,469	58,489	**191,601**
Processing commitments	8,051	14,242	14,242	13,641	90,812	**140,988**
Total commitments	$ 362,974	$ 136,500	$ 850,102	$ 76,171	$ 394,056	**$ 1,819,803**

Tamarack is involved in legal claims against the Company that have arisen in the normal course of business. While the final outcomes of such claims cannot be predicted with certainty and could be material, Tamarack believes that the claims are without merit and the amounts are unsubstantiated. The Company also does not anticipate that any of these legal proceedings will have a material impact on Tamarack's consolidated financial position or results of operations. Accordingly, no provision has been recorded in these Annual Financial Statements.

11. Asset retirement obligations and liabilities held for sale

December 31	Notes	2024	2023
Balance, beginning of year		**$ 189,971**	$ 264,988
Liabilities incurred		**9,403**	8,444
Liabilities acquired		**-**	5,813
Change in estimates		**21,279**	(2,704)
Liabilities settled		**(13,154)**	(12,908)
Site rehabilitation program grant		**-**	(174)
Liabilities disposed	6	**(18,673)**	(81,561)
Accretion	17	**5,782**	8,073
Balance, end of year		**$ 194,608**	$ 189,971
Consisting of:			
Current portion of asset retirement obligations		**$ 7,700**	$ 13,000
Liabilities associated with assets held for sale	6	**$ 14,327**	$ -
Asset retirement obligations		**$ 172,581**	$ 176,971

Tamarack's asset retirement obligations reflect the estimated cost to dismantle, abandon, reclaim and remediate the Company's assets at the end of their useful lives. As at December 31, 2024, the Company's total undiscounted and uninflated cash flows required to settle its asset retirement obligations was approximately $268.1 million and is expected to be incurred over the next 40 years. A risk-free rate of 3.3% (December 31, 2023 – 3.0%) and an inflation rate of 2.0% (December 31, 2023 – 2.0%) was utilized to calculate the present value of the asset retirement obligations. As at December 31, 2024, $14.3 million of asset retirement obligations was reflected as held for sale in respect of the Penny disposition (undiscounted and uninflated cash flows of approximately $19.7 million) (Note 6).

12. Income taxes

Deferred income tax continuity	December 31, 2022	Change recognized in net income	December 31, 2023	Change recognized in net income	December 31, 2024
Oil and natural gas assets	$ 665,661	$ (91,817)	$ 573,844	**$ (43,561)**	**$ 530,283**
Asset retirement obligations	(59,193)	17,246	(41,947)	**(1,061)**	**(43,008)**
Financial instruments and other	(9,048)	12,641	3,593	**(16,752)**	**(13,159)**
Deferred income tax liability	$ 597,420	$ (61,930)	$ 535,490	**$ (61,374)**	**$ 474,116**

As at December 31, 2024, Tamarack had unrecognized deferred tax assets of $73.5 million (December 31, 2023 - $74.5 million) primarily consisting of successor resource tax pools obtained through corporate acquisitions in prior years.

Tax rate reconciliation (December 31)	2024	2023
Income before taxes	**$ 209,321**	$ 141,357
Expected tax rate (federal and provincial)	**23.0%**	23.0%
Expected income tax expense	**48,144**	32,512
Change in unrecognized deferred tax assets	**9,354**	11,139
Other permanent differences	**(10,396)**	3,510
Total income tax expense	**$ 47,102**	$ 47,161
Consisting of:		
Current income tax expense	**$ 108,476**	$ 109,091
Deferred income tax recovery	**$ (61,374)**	$ (61,930)

13. Shareholders' equity

Share capital	December 31, 2024 Shares	December 31, 2024 Amount	December 31, 2023 Shares	December 31, 2023 Amount
Balance, beginning of year	**556,183**	**$1,879,250**	556,441	$1,879,250
Purchase of common shares for equity compensation units	**(2,981)**	**-**	(2,815)	-
Issuance of common shares for equity compensation units	**2,894**	**-**	2,557	-
Purchase of common shares for cancellation	**(33,889)**	**(114,350)**	-	-
Balance, end of year	**522,207**	**$1,764,900**	556,183	$1,879,250

At December 31, 2024 and December 31, 2023, Tamarack was authorized to issue an unlimited number of common shares and preferred shares without nominal or par value.

Shareholder returns

Year to Date	Cumulative dividend per common share	Total dividends distributed	Shares retired through NCIB (thousands)	Total NCIB repurchases	Total shareholder distributions
December 31, 2022	$ 0.1165	**$ 55,268**	-	**$ -**	$ 55,268
December 31, 2023	$ 0.1500	**83,521**	-	**-**	83,521
December 31, 2024	$ 0.1505	**81,474**	33,889	**135,352**	216,826
Total		**$ 220,263**	33,889	**$ 135,352**	$ 355,615

In January 2024, Tamarack received approval from the TSX to purchase up to 54.6 million common shares under a normal course issuer bid until January 18, 2025. During 2024, the Company purchased and cancelled 33.9 million common shares at an average price of $3.91 per common share, for a total repurchase cost of $135.4 million, including $2.6 million of federal taxes. Tamarack de-recognized the net book value of the repurchased shares for $114.4 million, resulting in a net distribution from contributed surplus and retained earnings of $21.0 million during the year. There were no common shares purchased for cancellation in 2023.

In the first quarter of 2025, Tamarack renewed the normal course issuer bid, receiving approval from the TSX to purchase up to 51.3 million common shares under a normal course issuer bid until January 18, 2026. As at February 14, 2025, Tamarack had repurchased 6.0 million shares for $27.6 million. Tamarack also declared cash dividends of $0.01275 per share on January 14, 2025 and February 14, 2025.

Treasury shares

During the year ended December 31, 2024, the Company acquired 3.0 million common shares for $11.6 million to settle exercised share-based compensation units (December 31, 2023 - 2.8 million common shares for $9.6 million). As at December 31, 2024, Tamarack held 0.8 million treasury shares (December 31, 2023 – 0.8 million treasury shares).

14. Earnings per share

December 31		2024		2023
Net income	$	**162,219**	$	94,196
Weighted average shares outstanding - basic		**542,530**		556,527
Weighted average shares outstanding - diluted		**546,940**		560,032
Net income per share - basic	$	**0.30**	$	0.17
Net income per share - diluted	$	**0.30**	$	0.17

For the year ended December 31, 2024, 7.6 million common shares issuable upon the exercise and settlement of equity compensation units were included in the calculation of the diluted weighted average number of common shares outstanding (December 31, 2023 – 6.7 million).

15. Capital management

Tamarack's capital structure consists of shareholders' equity, net debt, other liabilities, and working capital. The Company's capital management objective is to provide financial liquidity to sustain future development and growth of the business, return capital to shareholders and repay net debt. Tamarack manages its capital structure based on the risk and expected returns from its investments in oil and natural gas assets, relative to the Company's weighted-average cost of capital. To maintain or adjust the capital structure, the Company may issue shares, utilize debt instruments or adjust capital investment levels to manage current and projected liquidity and debt-to-equity ratios.

The Company actively manages capital and liquidity risk through the continuous monitoring of asset performance, forecasting anticipated future cash flows in conjunction with the design of the annual capital investment programs, maintaining available credit under bank facilities, managing debt maturity dates, hedging a portion of the Company's production, judiciously assessing new capital investment, acquisition or divestment opportunities and the pursuit of new liquidity, if necessary. The Company believes that available credit and anticipated future cash flows will be sufficient to fund Tamarack's 2025 capital development program, dividends and any share repurchases.

Tamarack utilizes adjusted funds flow, free funds flow and net debt as capital management measures to assess financial performance and liquidity. As at December 31, 2024, the Company's ratio of net debt to annualized fourth quarter adjusted funds flow was 0.9 (December 31, 2023 – 1.3).

Adjusted funds flow and free funds flow

December 31	Notes		2024		2023
Cash provided by operating activities		$	**833,212**	$	631,626
Settlement of asset retirement obligations	11		**13,154**		12,908
Changes in non-cash working capital	19		**4,594**		119,960
Adjusted funds flow		$	**850,960**	$	764,494
Investments in oil and natural gas assets	6		**(450,905)**		(516,456)
Settlement of asset retirement obligations	11		**(13,154)**		(12,908)
Free funds flow		$	**386,901**	$	235,130

Net debt to annualized adjusted funds flow

December 31	Notes		2024		2023
Cash		$	**(7,391)**	$	(2,220)
Accounts receivable	5		**(139,223)**		(141,041)
Prepaid expenses and deposits			**(11,186)**		(18,024)
Cross-currency swap (asset) liability	8		**(4,159)**		5,172
Assets held for sale, net	6, 11		**(23,231)**		-
Accounts payable and accrued liabilities			**199,808**		201,531
Working capital deficiency			**14,618**		45,418
Debt	7		**738,123**		911,978
Government loans and other	9		**22,697**		26,189
Net debt		$	**775,438**	$	983,585
Current quarter adjusted funds flow		$	**223,431**	$	194,771
Annualized factor			**4**		4
Annualized adjusted funds flow		$	**893,724**	$	779,084
Net debt to annualized adjusted funds flow			**0.9 x**		1.3 x

16. Oil and natural gas sales

December 31		2024		2023
Heavy oil	$	1,148,018	$	990,606
Light oil		502,070		587,798
Natural gas		35,559		70,745
Natural gas liquids		35,085		53,781
Oil and natural gas sales	$	1,720,732	$	1,702,930

17. Finance expense

December 31	Notes		2024		2023
Syndicated Facility	7	$	42,012	$	61,329
Senior Notes	7		21,750		21,750
Clearwater infrastructure liability	9		15,501		671
DAP Notes	7		792		10,425
Other interest and fees	9		579		1,709
Interest expense			80,634		95,884
Deferred borrowing costs and loan accretion	7, 9		9,786		7,839
Unrealized foreign exchange (gain) loss on debt	7		8,967		(4,335)
Unrealized (gain) loss on cross-currency swap	8		(9,331)		4,418
Accretion of asset retirement obligations	11		5,782		8,073
Finance expense		$	95,838	$	111,879

18. Stock-based compensation

December 31	Notes		2024		2023
Equity-settled stock-based compensation		$	11,876	$	9,832
Cash-settled stock-based compensation	9		12,652		7,605
			24,528		17,437
Capitalized stock-based compensation	6		(6,968)		(4,368)
Stock-based compensation expense		$	17,560	$	13,069

The following table summarizes the change in equity compensation units during the year ended December 31, 2024 and 2023:

Equity compensation plans	RSUs	PSUs	RIAs	PIAs	Stock options	Total
Balance at December 31, 2022	3,972	4,411	434	1,012	1,378	11,207
Granted	2,377	1,495	314	1,205	-	5,391
Exercised	(1,916)	(1,774)	(145)	-	(341)	(4,176)
Forfeited or expired	(639)	(356)	-	-	-	(995)
Balance at December 31, 2023	3,794	3,776	603	2,217	1,037	11,427
Granted	2,933	1,643	599	2,127	-	7,302
Exercised	(1,920)	(1,728)	(259)	-	(677)	(4,584)
Forfeited or expired	(340)	(924)	-	-	-	(1,264)
Balance at December 31, 2024	4,467	2,767	943	4,344	360	12,881
Consisting of:						
Equity-settled units	4,467	2,767	-	-	360	7,594
Cash-settled units (Note 9)	-	-	943	4,344	-	5,287
Units exercisable	-	-	-	-	360	360
Weighted-average remaining life	1.34	1.75	1.32	1.70	1.00	1.54

Share-based awards

The Company's RSUs and RIAs vest over three years from the date of grant (one-third per year) and entitle unitholders to one common share or notional cash equivalent value at the vest date, respectively. PSUs and PIAs vest on the third anniversary date from the date of grant and are also subject to the satisfaction of certain pre-established performance-based vesting conditions. The adjustment factor applied to the vesting of PSUs and PIAs following the performance period can range from 0.0 to 2.0 times, which may decrease or increase the number of common shares that are ultimately issued to unitholders. RIAs and PIAs are granted with similar terms and vesting structures as the corresponding RSUs and PSUs plans, respectively, except that they are fully cash-settled. At the date of vesting, cash-settled award payouts are equivalent to the notional market value of the Company's common shares based on a trailing 20-day volume-weighted average price. Stock-based awards issued to Senior Management are expected to be settled in cash and awards issued to all other unitholders are expected to be settled with equity.

For the year ended December 31, 2024, Tamarack granted 7.3 million stock-based awards at a weighted average fair value of $3.70 per share which was primarily based on the Company's share price at the date of grant. As at December 31, 2024, if all outstanding, unvested PSUs and PIAs were to vest with the maximum potential performance multiplier of 2.0, Tamarack would be required to issue 4.1 million incremental units (or equivalent cash value) that would have a fair value of approximately $19.5 million based on the Company's share price at the end of 2024. For the year ended December 31, 2024, actual market and non-market performance adjustment factors on vested PSUs and PIAs averaged 1.25.

19. Supplemental information

Changes in non-cash working capital

December 31		2024		2023
Source/(use) of cash				
Accounts receivable	$	1,818	$	36,177
Prepaid expenses and deposits		6,838		(11,182)
Accounts payable and accrued liabilities		(1,723)		(142,315)
Net changes per consolidated balance sheet		6,933		(117,320)
Adjusted for:				
Change in other long-term liabilities and other		(1,763)		(3,837)
	$	5,170	$	(121,157)
Consisting of				
Operating activities	$	(4,594)	$	(119,960)
Financing activities	$	10,492	$	(15,660)
Investing activities	$	(728)	$	14,463
Income taxes paid	$	87,150	$	246,909
Interest paid	$	81,137	$	93,900

Staff compensation

December 31		2024		2023
Salaries, wages and short-term benefits	$	33,005	$	29,145
Stock-based compensation		23,633		16,768
Total employee remuneration		56,638		45,913
Capitalized portion of total remuneration		(22,383)		(17,076)
	$	34,255	$	28,837

Related party transactions

As at December 31, 2024, the key executive officers' and directors' compensation is comprised of the following:

December 31		2024		2023
Salaries, wages and short-term benefits	$	8,820	$	7,146
Stock-based compensation		13,546		8,275
	$	22,366	$	15,421

Corporate information

Board of Directors

John Rooney [1,3,4]
Chair of the Board

Brian Schmidt
Director

Caralyn Bennett [2,4]
Director

John Leach [1,2]
Director

Marnie Smith [1,3]
Director

Rene Amirault [4]
Director

Rob Spitzer [2,3]
Director

Shannon Joseph [4]
Director

[1] *Member of the Audit Committee*
[2] *Member of the Reserves Committee*
[3] *Member of the Compensation and Governance Committee*
[4] *Member of the Environmental, Safety and Sustainability Committee*

Management Team

Brian Schmidt
President and Chief Executive Officer

Steve Buytels
Chief Financial Officer

Kevin Screen
Chief Operating Officer

Ben Stoodley
Vice President, Engineering

Christine Ezinga
Vice President, Business Development and Sustainability

Kevin Johnston
Vice President, Finance

Lynne Chrumka
Vice President, Exploration

Rocky Baker
Vice President, Marketing

Scott Shimek
Vice President, Production and Operations

Sony Gill
Corporate Secretary

Lead Bank Syndicate

National Bank of Canada

Stock Exchange

Toronto Stock Exchange - Symbol: **TVE**

Reserve Evaluators

McDaniel & Associates Consultants Ltd.
GLJ Ltd.

Legal Counsel

Stikeman Elliott LLP

Auditor

KPMG LLP

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