MANAGEMENT'S DISCUSSION & ANALYSIS

H1 2026 in review

Following the divestiture of the Company's Charlie Lake assets on June 15, 2026, Tamarack has transitioned into a pure-play Clearwater producer with run-rate production of >54,000 boe per day (92% liquids), net cash(1) of $132.6 million and available funding(1) of $1.3 billion. The sale of the Charlie Lake assets has provided the Company with greater capital allocation flexibility to drive higher total shareholder returns across commodity price cycles through a combination of accelerated development of the Clearwater's high-margin, long-duration inventory and enhanced returns via share buybacks and the base dividend.

Tamarack delivered strong first half 2026 results, generating cash provided by operating activities of $496.6 million ($1.02 per diluted share), adjusted funds flow(1) of $476.8 million ($0.98 per diluted share) and free funds flow(1) of $282.9 million ($0.58 per diluted share). Cash flows were driven by strong operating netbacks of $50.63 per boe in an elevated commodity price environment. The Company returned $165.8 million to shareholders through share buybacks and the base dividend. Per share returns continue to be bolstered by Tamarack's share buyback program, which has now reduced the common share float by 81.2 million (14.6%) since commencement of the program, at a weighted average price of $5.39 per share.

The Clearwater continued to demonstrate strong reservoir response and decline mitigation on base production from ongoing waterflood investments. Tamarack is currently injecting 45,000 bbl per day and remains on track to achieve exit water injection rates of 70,000 bbl per day, with greater than 38% of Clearwater oil production under waterflood by the end of 2026.

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. Tamarack is now a pure-play Clearwater producer, holding an extensive inventory of primary drilling and waterflood expansion opportunities at Nipisi, Marten Hills and South Clearwater in Northern Alberta. 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 and is traded under the symbol "TVE".

As at December 31, 2025, the Company had 207.8 million boe of total Clearwater gross proved plus probable reserves(2) and currently holds over 900 sections of acreage across the Clearwater fairway. The Clearwater formations are characterized by strong economics supported by a low-cost structure, low declines and multiple payouts on initial investment. The formation responds strongly to enhanced oil recovery through waterflood injection. Tamarack produced over 53,000 boe per day of oil and natural gas (92% liquids) from the Clearwater in the first half of 2026.

Introduction

This Management's Discussion and Analysis ("MD&A") provides a review of the operations, financial results and outlook for Tamarack Valley Energy Ltd. for the three and six months ended June 30, 2026 and 2025. This MD&A is dated as at July 27, 2026 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2026 and 2025 ("Interim Financial Statements") and the audited consolidated financial statements for the years ended December 31, 2025 and 2024 ("Annual Financial Statements"). Additional information about Tamarack, including the Company's Annual Information Form for the year ended December 31, 2025, 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.

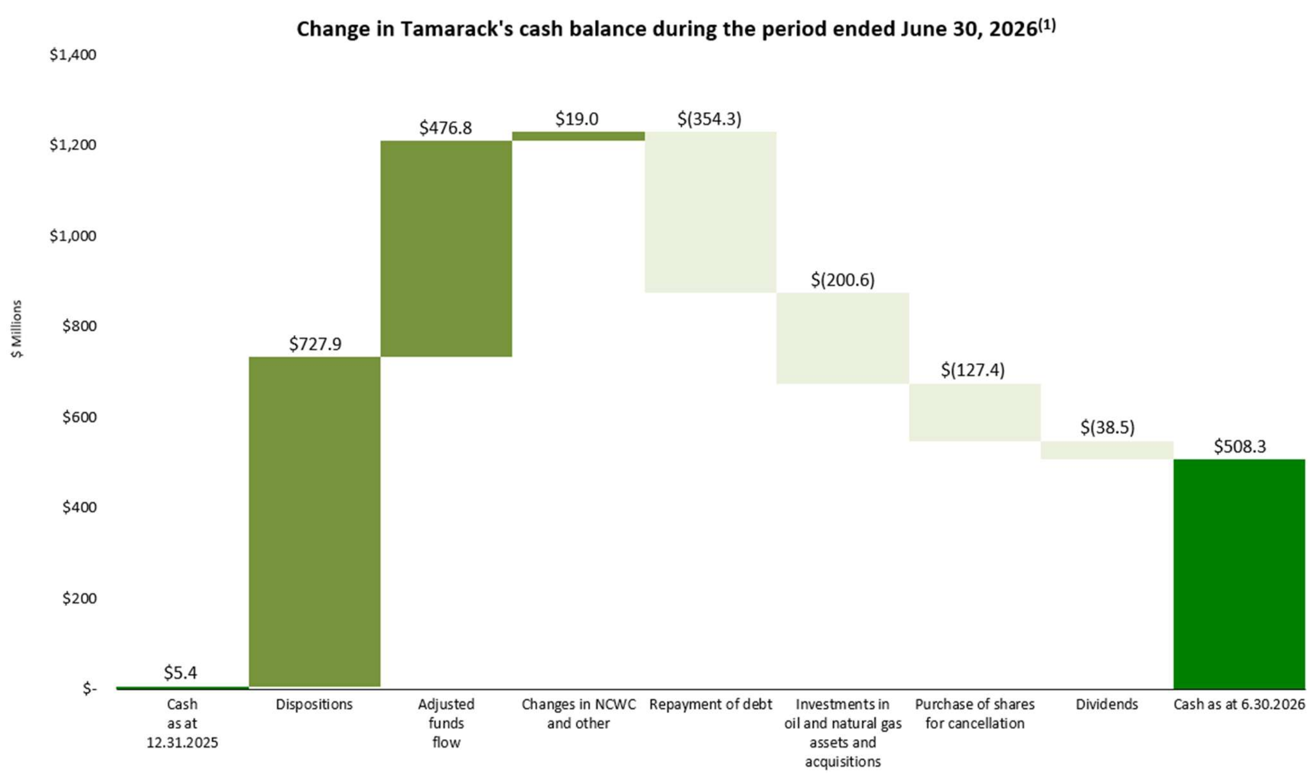
Q2 2026 operational and financial highlights

	Three months ended			Six months ended		
June 30	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
($ thousands, except per share amounts)						
Oil and natural gas sales	**$ 603,791**	$ 408,267	48	**$ 1,047,730**	$ 852,555	23
Cash provided by operating activities	**313,292**	189,579	65	**496,628**	377,132	32
Per share – basic	**0.66**	0.38	74	**1.03**	0.74	39
Per share – diluted	**0.65**	0.37	76	**1.02**	0.73	40
Adjusted funds flow(1)	**255,050**	197,037	29	**476,828**	423,183	13
Per share – basic	**0.53**	0.39	36	**0.99**	0.83	19
Per share – diluted	**0.53**	0.39	36	**0.98**	0.82	20
Free funds flow(1)	**154,780**	133,114	16	**282,890**	223,807	26
Per share – basic	**0.32**	0.26	23	**0.59**	0.44	34
Per share – diluted	**0.32**	0.26	23	**0.58**	0.44	32
Net income	**205,676**	86,237	139	**211,321**	150,495	40
Per share – basic	**0.43**	0.17	153	**0.44**	0.30	47
Per share – diluted	**0.43**	0.17	153	**0.43**	0.29	48
Dividends	**19,164**	19,233	-	**38,475**	38,799	(1)
NCIB repurchases	**80,335**	41,803	92	**127,365**	98,133	30
Debt	**319,589**	717,395	(55)	**319,589**	717,395	(55)
Net (cash) debt(1)	**(132,634)**	711,132	(119)	**(132,634)**	711,132	(119)
Available funding(1)	**1,338,590**	468,312	186	**1,338,590**	468,312	186
Investments in oil and natural gas assets	**98,724**	63,166	56	**192,177**	195,897	(2)
Weighted average shares outstanding						
Basic	**478,193**	503,447	(5)	**481,093**	509,346	(6)
Diluted	**483,750**	508,268	(5)	**486,479**	514,244	(5)
Average daily production						
Heavy oil (bbls/d)	**49,291**	42,004	17	**48,817**	41,198	18
Light oil (bbls/d)	**8,757**	14,149	(38)	**9,464**	14,177	(33)
NGL (bbls/d)	**2,157**	3,120	(31)	**2,327**	3,064	(24)
Natural gas (mcf/d)	**54,142**	65,922	(18)	**57,992**	63,284	(8)
Total (boe/d)	**69,229**	70,260	(1)	**70,273**	68,986	2
Average sale prices						
Heavy oil ($/bbl)	**$ 106.81**	$ 73.58	45	**$ 92.34**	$ 78.19	18
Light oil ($/bbl)	**134.63**	82.76	63	**113.53**	87.75	29
NGL ($/bbl)	**44.38**	29.97	48	**40.60**	32.49	25
Natural gas ($/mcf)	**1.77**	2.00	(12)	**1.93**	2.30	(16)
Total ($/boe)	**95.84**	63.85	50	**82.37**	68.28	21
Benchmark pricing						
West Texas Intermediate (US$/bbl)	**92.79**	63.74	46	**82.36**	67.58	22
Western Canadian Select (WCS) (CAD/bbl)	**108.04**	73.96	46	**93.63**	79.13	18
WCS differential (US$/bbl)	**14.61**	10.27	42	**14.39**	11.47	25
Edmonton Par (CAD/bbl)	**132.27**	84.25	57	**112.88**	89.79	26
Edmonton Par differential (US$/bbl)	**(2.90)**	2.84	nm	**0.43**	3.91	(89)
Foreign Exchange (USD to CAD)	**1.38**	1.38	-	**1.38**	1.41	(2)
Operating netback ($/boe)						
Oil and natural gas sales	**95.84**	63.85	50	**82.37**	68.28	21
Royalty expenses	**(19.91)**	(12.15)	64	**(15.50)**	(13.11)	18
Net operating expenses(1)	**(6.96)**	(8.01)	(13)	**(7.15)**	(7.89)	(9)
Transportation expenses	**(3.83)**	(3.54)	8	**(3.76)**	(3.61)	4
Operating field netback ($/boe)(1)	**65.14**	40.15	62	**55.96**	43.67	28
Realized commodity hedging gain (loss)	**(8.65)**	0.11	nm	**(5.33)**	(0.79)	nm
Operating netback ($/boe)(1)	**$ 56.49**	$ 40.26	40	**$ 50.63**	$ 42.88	18
Adjusted funds flow ($/boe)(1)	**$ 40.48**	$ 30.82	31	**$ 37.49**	$ 33.89	11

Highlights for the three and six months ended June 30, 2026

- **Production** – Second quarter Clearwater production averaged 53,598 boe per day, an increase of 15% compared to the second quarter of 2025, driven by ongoing primary drilling and development activities and strong reservoir response from continued waterflood expansion. Corporate production of 70,273 boe per day in the first half of 2026 remained consistent with the same period in the prior year as Clearwater production growth was offset by the Charlie Lake and other non-core asset divestitures.
- **Record cash flows** – Tamarack delivered record cash provided by operating activities of $313.3 million ($0.65 per diluted share) and adjusted funds flow(1) of $255.1 million ($0.53 per diluted share) during the second quarter, increases of 65% and 29%, respectively, compared to the same period in the prior year, driven by strong benchmark commodity pricing. Tamarack has continued to deliver significant free funds flow(1), generating $154.8 million or $0.32 per diluted share in the second quarter, a 16% improvement over the same period in 2025.
- **Portfolio optimization** – On June 15, 2026, Tamarack sold its Charlie Lake assets in the Grande Prairie area (~18,000 boe per day) for gross cash proceeds of $803.8 million before closing adjustments. Tamarack is now a pure-play Clearwater producer generating >54,000 boe per day (92% liquids) of low-cost, high-margin production, holding extensive inventory of primary drilling and waterflood expansion opportunities across the Clearwater fairway.
- **Capital investments** – Tamarack invested $98.7 million in the second quarter of 2026, drilling 18.0 net Clearwater heavy oil wells and 18.0 net injection and water source wells. Following the Charlie Lake divestiture and in response to higher commodity prices, Tamarack is deploying an additional $75.0 million of capital investments into the Clearwater in the second half of 2026. Tamarack is currently injecting 45,000 bbl per day and remains on track to achieve exit water injection rates of 70,000 bbl per day, with over 38% of Clearwater oil production under waterflood by the end of the year.
- **Shareholder returns** – Tamarack returned $165.8 million to shareholders in the first half of 2026 through share buybacks and the base dividend. The Company repurchased 11.1 million common shares, or 2.3% of the common share float, for a total cost of $127.4 million under its share buyback program. In conjunction with the Charlie Lake divestiture, Tamarack also announced a 25% increase to its base dividend ($0.20/share annualized) beginning in the third quarter of 2026.
- **Liquidity** – In the second quarter, Tamarack redeemed its remaining 2027 Notes at a cost of 100.75% of principal and extended the Company's Credit Facility maturity date to 2030. Following the Charlie Lake divestiture, Tamarack exited the second quarter with net cash(1) of $132.6 million and available funding(1) of $1.3 billion, including cash of $508.3 million and undrawn credit capacity of $875.0 million.

Change in cash



Annual guidance

2026 Outlook For the year ended December 31, 2026	Original guidance (December 2025)	Revised guidance (June 2026)
Base capital investments ($ millions)		
Clearwater and other		**385 - 405**
H1 2026 Charlie Lake		**45**
Base 2026 capital investment budget	390 - 410	**430 - 450**
Production (boe/d)		
Clearwater		**53,500 - 55,000**
H1 2026 Charlie Lake		**8,000**
Annual average production	69,000 - 71,000	**61,500 - 63,000**
Average oil & NGL weighting (%)	84 - 86	**88 - 90**
Royalty rate (%)	19 - 21	**20 - 22**
Corporate wellhead price differential - Oil ($/bbl)	1.00 - 1.50	**0.75 - 1.25**
Net operating expense ($/boe)[1]	6.85 - 7.15	**6.65 - 6.90**
Transportation ($/boe)	4.00 - 4.50	**4.00 - 4.50**
General and administrative ($/boe)	1.30 - 1.45	**1.40 - 1.55**
Interest ($/boe)	2.70 - 3.10	**2.00 - 2.40**
Income taxes (% of Adjusted Funds flow[1] before tax)	10 - 12	**17 - 19**

Tamarack's revised 2026 outlook reflects the impact of the Charlie Lake divestiture and an acceleration of capital investment in the Clearwater. The Company expects to deploy an additional $75.0 million as part of the expanded Clearwater capital program, with approximately 40% dedicated towards waterflood investment in the second half of 2026. The Company is reaffirming its anticipated 2026 exit water injection guidance of 70,000 bbl per day, with over 38% of Clearwater oil production under waterflood, a 16% increase over the original budget.

Run-rate net operating expenses[1] are expected to decline by approximately 14% to $6.00 per boe following the Charlie Lake divestiture. The decline in interest expense guidance reflects the repayment of outstanding borrowings under the Credit Facility using a portion of the divestiture proceeds. General and administrative expenses on a per boe basis are expected to increase moderately due to lower average production, while income taxes are expected to increase as a result of taxes associated with the divestiture and higher commodity prices.

The Company remains opportunistic, having significant optionality and balance sheet strength to maximize total shareholder returns across commodity price cycles. In the near-term, the Company expects to continue executing a disciplined capital management strategy targeting a balanced allocation of Clearwater growth and enhanced shareholder returns in the form of dividends and share buybacks.

Production

	Three months ended			Six months ended		
June 30	**2026**	2025	% change	**2026**	2025	% change
Heavy oil (bbls/d)	**49,291**	42,004	17	**48,817**	41,198	18
Light oil (bbls/d)	**8,757**	14,149	(38)	**9,464**	14,177	(33)
Natural gas liquids (bbls/d)	**2,157**	3,120	(31)	**2,327**	3,064	(24)
Natural gas (mcf/d)	**54,142**	65,922	(18)	**57,992**	63,284	(8)
Total (boe/d)	**69,229**	70,260	(1)	**70,273**	68,986	2
Consisting of:						
Clearwater	**53,598**	46,486	15	**53,210**	45,528	17
Charlie Lake and other	**15,631**	23,774	(34)	**17,063**	23,458	(27)
Total (boe)	**6,299,886**	6,393,643	(1)	**12,719,510**	12,486,440	2
Percentage of oil and NGLs	**87%**	84%	4	**86%**	85%	1

Tamarack's Clearwater production during the three and six months ended June 30, 2026, increased by 15% and 17%, respectively, compared to the same periods in the prior year, primarily due to ongoing primary drilling and development activities and strong reservoir response from continued waterflood expansion. On a total corporate boe basis, the Clearwater production growth of over 7,000 boe per day was offset by the Charlie Lake divestiture (~18,000 boe per day) in June 2026 and the sale of the Company's Eastern Alberta assets (~4,000 boe per day) in the fourth quarter of 2025.

Benchmark prices

June 30	Three months ended 2026	2025	% change	Six months ended 2026	2025	% change
West Texas Intermediate (WTI) (US$/bbl)	**$ 92.79**	$ 63.74	46	**$ 82.36**	$ 67.58	22
Western Canadian Select (WCS) (CAD/bbl)	**108.04**	73.96	46	**93.63**	79.13	18
WCS differential to WTI (US$/bbl)	**14.61**	10.27	42	**14.39**	11.47	25
Edmonton Par (light sweet) (CAD/bbl)	**132.27**	84.25	57	**112.88**	89.79	26
Edmonton Par differential to WTI (US$/bbl)	**(2.90)**	2.84	nm	**0.43**	3.91	(89)
NYMEX monthly settlement (US$/mmbtu)	**2.90**	3.44	(16)	**3.97**	3.55	12
AECO monthly index (CAD/mcf)	**$ 1.50**	$ 2.06	(27)	**$ 1.99**	$ 2.04	(2)
Foreign exchange (USD to CAD)	**1.38**	1.38	-	**1.38**	1.41	(2)

The price of 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, trade policies 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 characteristics of the oil relative to the quoted benchmark.

WTI benchmark pricing increased by 46% and 22%, respectively, for the three and six months ended June 30, 2026, relative to the same periods in 2025, primarily due to global supply constraints beginning in March 2026 stemming from disruptions to oil shipments through the Strait of Hormuz amid the U.S.-Iran conflict.

The WCS differential widened by 42% and 25%, respectively, for the three and six months ended June 30, 2026, compared to the same periods in 2025, primarily due to increased heavy oil supply following the U.S.-Venezuela conflict, extensive U.S. Strategic Petroleum Reserve releases in the second quarter and reduced demand from Asia. The WCS differential in the first half of 2025 was narrowed by sanctions imposed by the U.S. government on certain heavy oil producing countries and lower North American heavy oil inventories.

The Edmonton Par differential strengthened for the three and six months ended June 30, 2026, compared to the same periods in the prior year, primarily due to the U.S.-Iran conflict driving lower global light oil supplies.

Oil and natural gas sales

($ thousands, except per unit) June 30	Three months ended 2026	2025	% change	Six months ended 2026	2025	% change
Heavy oil	**$ 479,081**	$ 281,232	70	**$ 815,892**	$ 583,014	40
Light oil	**107,291**	106,556	1	**194,489**	225,171	(14)
Natural gas	**8,707**	11,970	(27)	**20,251**	26,353	(23)
Natural gas liquids	**8,712**	8,509	2	**17,098**	18,017	(5)
Oil and natural gas sales	**$ 603,791**	$ 408,267	48	**$ 1,047,730**	$ 852,555	23
Heavy oil ($/bbl)	**$ 106.81**	$ 73.58	45	**$ 92.34**	$ 78.19	18
Light oil ($/bbl)	**134.63**	82.76	63	**113.53**	87.75	29
Natural gas ($/mcf)	**1.77**	2.00	(12)	**1.93**	2.30	(16)
Natural gas liquids ($/bbl)	**44.38**	29.97	48	**40.60**	32.49	25
Oil and natural gas sales ($/boe)	**$ 95.84**	$ 63.85	50	**$ 82.37**	$ 68.28	21

For the three months ended June 30, 2026, oil and natural gas sales increased 48% compared to the second quarter of 2025 from higher realized pricing of $201.5 million, partially offset by lower production of $6.0 million. For the six months ended June 30, 2026, oil and natural gas sales increased 23% compared to the first half of 2025 from higher realized pricing of $179.2 million and higher production of $16.0 million.

Heavy oil wellhead price realization ($/bbl) **June 30[1]**	Three months ended 2026	2025	% change	Six months ended 2026	2025	% change
WCS benchmark price	**$ 108.04**	$ 73.96	46	**$ 93.63**	$ 79.13	18
Less: Tamarack's heavy oil realized price	**(106.81)**	(73.58)	45	**(92.34)**	(78.19)	18
Heavy oil wellhead price differential	**1.23**	0.38	nm	**1.29**	0.94	37
Add: Transportation expenses - heavy oil	**4.00**	3.50	14	**3.87**	3.54	9
Heavy oil diff., incl. transportation expenses	**$ 5.23**	$ 3.88	35	**$ 5.16**	$ 4.48	15

Tamarack's heavy oil differential, including transportation expenses, widened by 35% and 15%, respectively, during the three and six months ended June 30, 2026, compared to the same periods in 2025, primarily driven by trunkline apportionment in the second quarter and higher condensate and heavy oil transportation costs.

Light oil wellhead price realization ($/bbl)	Three months ended			Six months ended		
June 30[1]	2026	2025	% change	2026	2025	% change
Edmonton Par benchmark price	$ 132.27	$ 84.25	57	$ 112.88	$ 89.79	26
Less: Tamarack's light oil realized price	(134.63)	(82.76)	63	(113.53)	(87.75)	29
Light oil wellhead price differential	(2.36)	1.49	nm	(0.65)	2.04	(132)
Add: Transportation expenses - light oil	4.92	4.66	6	5.22	4.80	9
Light oil diff., incl. transportation expenses	$ 2.56	$ 6.15	(58)	$ 4.57	$ 6.84	(33)

During the three and six months ended June 30, 2026, the Company's light oil differential, including transportation expenses, improved by 58% and 33%, respectively, compared to the same periods in the prior year, primarily driven by sales optimizations, particularly in the second quarter, partially offset by higher light oil transportation costs.

Risk management

($ thousands, except per boe)	Three months ended		Six months ended	
June 30	2026	2025	2026	2025
Realized gain (loss)	$ (54,468)	$ 688	$ (67,843)	$ (9,897)
Unrealized gain (loss)	90,017	39,425	(32,743)	21,070
Total risk management contracts	$ 35,549	$ 40,113	$ (100,586)	$ 11,173
Realized gain (loss) ($/boe)	$ (8.65)	$ 0.11	$ (5.33)	$ (0.79)

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

As at June 30, 2026, Tamarack's commodity risk management contracts were a net liability of $18.2 million (December 31, 2025 – $14.6 million net asset). Risk management losses in the first half of 2026 were driven by growth in near-term forward commodity pricing stemming from the conflict in the Middle East. The unrealized risk management gain in the second quarter reflected the impact of a partial de-escalation of the conflict near the end of June.

Royalties

($ thousands, except per boe)	Three months ended			Six months ended		
June 30	2026	2025	% change	2026	2025	% change
Total royalty expenses	$ 125,449	$ 77,690	61	$ 197,121	$ 163,687	20
Total ($/boe)	19.91	12.15	64	15.50	13.11	18
Percentage of sales (%)	21	19	11	19	19	-

For the three months ended June 30, 2026, royalty expenses averaged 21% of oil and natural gas sales, primarily reflecting the impact of higher oil royalty reference par prices in the second quarter, which trail by two months in arrears, relative to benchmark oil prices. Royalty expenses averaged 19% of oil and natural gas sales in the first half of 2026, consistent with the same period in the prior year, which had included lower reference commodity prices in the first quarter.

Net operating expenses

($ thousands, except per boe)	Three months ended			Six months ended		
June 30	2026	2025	% change	2026	2025	% change
Operating expenses	$ 44,433	$ 51,485	(14)	$ 91,897	$ 99,361	(8)
Less: processing income	(588)	(273)	115	(993)	(858)	16
Total net operating expenses[1]	$ 43,845	$ 51,212	(14)	$ 90,904	$ 98,503	(8)
Total ($/boe)	$ 6.96	$ 8.01	(13)	$ 7.15	$ 7.89	(9)

For the three and six months ended June 30 2026, net operating expenses per boe decreased 13% and 9%, respectively, compared to the same periods in 2025, primarily due to lower water handling and trucking costs from expanded waterflood reinjection and non-core property dispositions in the second and fourth quarters of 2025, which carried higher operating costs on a per barrel basis relative to Tamarack's corporate averages on retained assets. Following the Charlie Lake divestiture, Tamarack expects full year revised 2026 guidance of $6.65 - $6.90 per boe, a ~9% improvement over 2025.

Transportation expenses

($ thousands, except per boe)	Three months ended			Six months ended		
June 30	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
Transportation expense - oil	**$ 21,885**	$ 19,368	13	**$ 43,108**	$ 38,741	11
Transportation expense - gas	**2,258**	3,250	(31)	**4,771**	6,309	(24)
Total transportation expenses	**$ 24,143**	$ 22,618	7	**$ 47,879**	$ 45,050	6
Total ($/boe)	**$ 3.83**	$ 3.54	8	**$ 3.76**	$ 3.61	4

Transportation expenses per boe for the three and six months ended June 30, 2026, increased by 8% and 4%, respectively, compared to the same periods in the prior year, primarily due to escalating contract pipeline tolls and higher trucking costs from fuel surcharges.

Operating netback

($ thousands)	Three months ended			Six months ended		
June 30[(1)]	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
Oil and natural gas sales	**$ 603,791**	$ 408,267	48	**$ 1,047,730**	$ 852,555	23
Royalty expenses	**(125,449)**	(77,690)	61	**(197,121)**	(163,687)	20
Net operating expenses	**(43,845)**	(51,212)	(14)	**(90,904)**	(98,503)	(8)
Transportation expenses	**(24,143)**	(22,618)	7	**(47,879)**	(45,050)	6
Operating field netback	**410,354**	256,747	60	**711,826**	545,315	31
Realized hedging gain (loss)	**(54,468)**	688	nm	**(67,843)**	(9,897)	nm
Operating netback	**$ 355,886**	$ 257,435	38	**$ 643,983**	$ 535,418	20

($/boe)	Three months ended			Six months ended		
June 30[(1)]	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
Oil and natural gas sales	**$ 95.84**	$ 63.85	50	**$ 82.37**	$ 68.28	21
Royalty expenses	**(19.91)**	(12.15)	64	**(15.50)**	(13.11)	18
Net operating expenses	**(6.96)**	(8.01)	(13)	**(7.15)**	(7.89)	(9)
Transportation expenses	**(3.83)**	(3.54)	8	**(3.76)**	(3.61)	4
Operating field netback	**65.14**	40.15	62	**55.96**	43.67	28
Realized hedging gain (loss)	**(8.65)**	0.11	nm	**(5.33)**	(0.79)	nm
Operating netback	**$ 56.49**	$ 40.26	40	**$ 50.63**	$ 42.88	18

For the three and six months ended June 30, 2026, the operating netback per boe increased by 40% and 18%, respectively, compared to the same periods in the prior year, primarily due to higher commodity prices, particularly in the second quarter, and lower net operating expenses. Operating netback improvements were partially offset by higher royalty expenses and realized hedging losses as a result of higher benchmark commodity prices.

General and administrative ("G&A") expenses

($ thousands, except per boe)	Three months ended			Six months ended		
June 30	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
G&A expenses	**$ 8,646**	$ 8,768	(1)	**$ 17,622**	$ 17,345	2
Total ($/boe)	**$ 1.37**	$ 1.37	-	**$ 1.39**	$ 1.39	-

Stock-based compensation expense

($ thousands, except per boe)	Three months ended			Six months ended		
June 30	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
Stock-based compensation expense	**$ 17,560**	$ 6,019	192	**$ 28,078**	$ 8,800	nm
Total ($/boe)	**$ 2.79**	$ 0.94	197	**$ 2.21**	$ 0.70	nm

Growth in stock-based compensation expense for the three and six months ended June 30, 2026, compared to the same periods in 2025, was primarily due to an increase in Tamarack's share price in the second half of 2025 and the first half of 2026. Stock-based compensation expense in the second quarter also partially reflects forecasted performance multipliers on vesting equity compensation units.

Finance expense

($ thousands, except per boe)	Three months ended			Six months ended		
June 30	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
Senior Notes	**$ 7,160**	$ 5,425	32	**$ 16,244**	$ 10,788	51
Credit Facility	**2,996**	6,025	(50)	**5,405**	12,631	(57)
Clearwater infrastructure liability and other	**4,774**	4,881	(2)	**9,237**	9,577	(4)
Interest expense	**14,930**	16,331	(9)	**30,886**	32,996	(6)
Deferred borrowing costs and loan accretion	**1,119**	2,943	(62)	**2,820**	5,470	(48)
Accretion of asset retirement obligations	**1,322**	1,612	(18)	**2,612**	3,232	(19)
Finance expense	**$ 17,371**	$ 20,886	(17)	**$ 36,318**	$ 41,698	(13)
Total interest expense ($/boe)	**$ 2.37**	$ 2.55	(7)	**$ 2.43**	$ 2.64	(8)

For the three and six months ended June 30, 2026, interest expense decreased by 9% and 6%, respectively, compared to the same periods in the prior year, primarily due to the ongoing reduction of amounts outstanding under the Credit Facility and the redemption of the 2027 Notes across 2025 and 2026. Interest expense on the Credit Facility was also impacted by lower interest rates on bank debt from rate cuts by the central bank since June 2025. These declines were partially offset by interest expense from the 6.875% 2030 Notes issued in July 2025. The declines in deferred borrowing costs and loan accretion were driven by lower Credit Facility fees and lower deferred borrowing cost amortization on the redeemed 2027 Notes. The decline in accretion of asset retirement obligations was primarily due to non-core asset disposals in 2025.

Income taxes

($ thousands)	Three months ended			Six months ended		
June 30	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
Current income tax expense	**$ 59,880**	$ 26,655	125	**$ 86,563**	$ 52,198	66
Deferred income tax expense (recovery)	**1,952**	1,772	10	**(20,432)**	(693)	nm
Total income tax expense	**$ 61,832**	$ 28,427	118	**$ 66,131**	$ 51,505	28
Statutory tax rate	**23%**	23%	-	**23%**	23%	-
Effective tax rate	**23%**	25%	(8)	**24%**	25%	(4)

For the three and six months ended June 30, 2026, income tax expense increased compared to the same periods in 2025 due to higher adjusted funds flow[1] and the sale of the Charlie Lake assets.

Depletion and depreciation ("D&D")

($ thousands, except per boe)	Three months ended			Six months ended		
June 30	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
Depletion and depreciation	**$ 110,484**	$ 143,661	(23)	**$ 225,633**	$ 283,980	(21)
Total ($/boe)	**$ 17.54**	$ 22.47	(22)	**$ 17.74**	$ 22.74	(22)

For the three and six months ended June 30, 2026, D&D expense per boe decreased by 22% compared to the same periods in 2025, 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 for the three and six months ended June 30, 2026 declined primarily due to the lower depletion rates.

Cash provided by operating activities and adjusted funds flow

($ thousands, except per share amounts)	Three months ended			Six months ended		
June 30[1]	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
Cash provided by operating activities	**$ 313,292**	$ 189,579	65	**$ 496,628**	$ 377,132	32
Settlement of asset retirement obligations	**1,546**	757	104	**1,761**	3,479	(49)
Changes in non-cash working capital	**(59,788)**	6,701	nm	**(21,561)**	42,572	(151)
Adjusted funds flow	**$ 255,050**	$ 197,037	29	**$ 476,828**	$ 423,183	13
Per share - basic	**0.53**	0.39	36	**0.99**	0.83	19
Per share - diluted	**0.53**	0.39	36	**0.98**	0.82	20

Cash provided by operating activities and adjusted funds flow for the three and six months ended June 30, 2026 increased relative to the same periods in the prior year, primarily due to higher operating netbacks from strong benchmark commodity prices, particularly in the second quarter of 2026. Cash provided by operating activities was also impacted by changes in non-cash working capital. Adjusted funds flow on a per share basis increased by 36% and 19%, respectively, reinforced by a lower average number of common shares outstanding as a result of the Company's ongoing share buyback program.

Net income and adjusted net income

($ thousands, except per share amounts)	Three months ended			Six months ended		
June 30[1]	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
Net income	**$ 205,676**	$ 86,237	139	**$ 211,321**	$ 150,495	40
Loss on dispositions and other	**23,990**	1,811	nm	**23,564**	562	nm
Unrealized (gain) loss on risk mgmt contracts	**(90,017)**	(39,425)	128	**32,743**	(21,070)	nm
Deferred tax recovery on adjustments	**15,186**	8,651	76	**(12,951)**	4,717	nm
Adjusted net income	**$ 154,835**	$ 57,274	170	**$ 254,677**	$ 134,704	89
Adjusted net income per share - basic	**0.32**	0.11	191	**0.53**	0.26	104
Adjusted net income per share - diluted	**0.32**	0.11	191	**0.52**	0.26	100

Net income and adjusted net income for the three and six months ended June 30, 2026 increased compared to the same periods in the prior year, primarily due to higher operating cash flows and lower depletion and depreciation. The increases in net income were partially offset by the loss on disposition as a result of the Charlie Lake divestiture. Second quarter net income was also impacted by unrealized gains on risk management contracts in the period, compared to overall net unrealized risk management losses in the first half of the year.

Investments in oil and natural gas assets

($ thousands)	Three months ended			Six months ended		
June 30	**2026**	**2025**	**% change**	**2026**	**2025**	**% change**
Drilling, completion and equipping	**$ 70,232**	$ 49,284	43	**$ 147,590**	$ 155,442	(5)
Facilities	**21,034**	11,455	84	**33,343**	32,728	2
Land, seismic and other	**7,458**	2,427	nm	**11,244**	7,727	46
Investments in oil and natural gas assets	**$ 98,724**	$ 63,166	56	**$ 192,177**	$ 195,897	(2)
Acquisitions	**8,424**	-	nm	**8,424**	-	nm
Dispositions	**(727,933)**	(23,254)	nm	**(727,933)**	(23,369)	nm

	Three months ended		Six months ended	
Net drill counts for the period ended June 30	**2026**	**2025**	**2026**	**2025**
Clearwater horizontal heavy oil wells	**18.0**	19.0	**42.0**	46.3
Charlie Lake light oil wells	**-**	-	**4.0**	5.8
Injection wells and other	**18.0**	11.0	**18.0**	14.0
	36.0	30.0	**64.0**	66.1

The capital investment program in the first half of 2026 was focused on primary drilling and development activities and secondary waterflood expansion in the Clearwater. Capital investments in the second quarter were higher than the prior year, primarily due to quarter-over-quarter phasing of the Company's H1 capital program.

Dispositions

On May 27, 2026, Tamarack entered into a purchase and sale agreement to fully divest of its Charlie Lake assets in the Grande Prairie area for gross cash proceeds of $803.8 million before closing adjustments. The transaction had an effective date of April 1, 2026 and closed on June 15, 2026. The Company received net proceeds of $727.9 million, net of effective date closing adjustments of $50.8 million, realized losses from unwinding affiliated light oil risk management contracts of $13.3 million and transaction costs of $11.8 million. In connection with the divestiture, Tamarack derecognized $27.0 million in discounted asset retirement obligations and recorded a loss of $19.5 million.

On May 21, 2025, Tamarack sold its non-core oil and natural gas assets in the Southern Alberta Penny area for gross cash proceeds of $28.0 million before closing adjustments. In connection with the divestiture, Tamarack derecognized $14.5 million in discounted asset retirement obligations and recorded a net loss of $40.2 million across 2024 and 2025.

Liquidity and capital resources

The Company continues to prioritize a combination of growth and shareholder returns with free funds flow generated by the business. Tamarack believes that cash on hand and available credit, together with future anticipated adjusted funds flow, will be sufficient to fund Tamarack's planned capital development programs and any future acquisitions, dividends or share buybacks.

($ thousands) June 30(1)	Three months ended 2026	2025	Six months ended 2026	2025
Adjusted funds flow	**$ 255,050**	$ 197,037	**$ 476,828**	$ 423,183
Investments in oil and natural gas assets	**(98,724)**	(63,166)	**(192,177)**	(195,897)
Settlement of asset retirement obligations	**(1,546)**	(757)	**(1,761)**	(3,479)
Free funds flow	**$ 154,780**	$ 133,114	**$ 282,890**	$ 223,807

Shareholder returns Period ended	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	0.1502	**81,474**	33,889	**135,352**	216,826
December 31, 2025	0.1541	**77,020**	36,180	**185,281**	262,301
June 30, 2026	$ 0.0800	**38,475**	11,144	**127,365**	165,840
Total		**$ 335,758**	81,213	**$ 447,998**	$ 783,756

In January 2026, the Company renewed its normal course issuer bid, allowing Tamarack to purchase up to 47.7 million common shares of the Company until January 18, 2027. During the six months ended June 30, 2026, the Company purchased and cancelled 11.1 million common shares at an average price of $11.43 per common share for a total repurchase cost of $127.4 million, including $2.7 million of federal taxes and fees. As of July 17, 2026, Tamarack had repurchased 1.4 million common shares for $18.5 million subsequent to the second quarter.

Starting in 2026, Tamarack adjusted the dividend cadence from monthly to quarterly. In conjunction with the Charlie Lake divestiture, Tamarack announced its intention to increase the quarterly dividend by 25% from $0.04 per share to $0.05 per share. Tamarack's base distribution now equates to an annual dividend of $0.20 per common share. On July 27, 2026, Tamarack declared the third quarter cash dividend of $0.05 per share, payable on September 30, 2026 to shareholders of record on September 15, 2026.

Liquidity

($ thousands)(1)	June 30, 2026	December 31, 2025	June 30, 2025
Cash	**$ 508,321**	$ 5,444	$ 2,755
Accounts receivable	**152,576**	114,248	137,221
Prepaid expenses and deposits	**10,818**	30,369	28,082
Cross currency swap liability	**-**	-	(2,444)
Accounts payable and accrued liabilities	**(204,438)**	(145,208)	(137,735)
Working capital surplus	**$ 467,277**	$ 4,853	$ 27,879
Available credit capacity, net of letters of credit	**871,313**	717,288	440,433
Available funding	**$ 1,338,590**	$ 722,141	$ 468,312

Tamarack 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.

Net (cash) debt

($ thousands)(1)	June 30, 2026	December 31, 2025	June 30, 2025
Working capital surplus	**$ (467,277)**	$ (4,853)	$ (27,879)
Debt	**319,589**	668,328	717,395
Government loans and other	**15,054**	22,241	21,616
Net (cash) debt	**$ (132,634)**	$ 685,716	$ 711,132
Current quarter adjusted funds flow	**$ 255,050**	$ 171,806	$ 197,037
Annualized factor	**4**	4	4
Annualized adjusted funds flow	**$ 1,020,200**	$ 687,224	$ 788,148
Net (cash) debt to annualized adjusted funds flow	**(0.1)x**	1.0 x	0.9 x

Tamarack utilizes adjusted funds flow, available funding and net (cash) debt as capital management measures to assess financial performance and liquidity. Following the Charlie Lake divestiture, Tamarack exited the second quarter with cash of $508.3 million and net cash of $132.6 million.

Debt instruments

($ thousands)	Credit Facility	2030 Notes	2027 Notes	Total
Balance at December 31, 2025	$ 151,968	$ 318,927	$ 197,433	**$ 668,328**
Repayment of debt instruments, net	(152,794)	-	(200,000)	**(352,794)**
Unrealized foreign exchange loss	73	-	-	**73**
Amortization of deferred borrowing costs	753	662	2,567	**3,982**
Balance at June 30, 2026	$ -	$ 319,589	$ -	**$ 319,589**

As at June 30, 2026, Tamarack had access to an undrawn covenant-based $875.0 million revolving lending facility (the "Credit Facility"). In the second quarter of 2026, amounts drawn under the Credit Facility were fully repaid using a portion of the net proceeds from the Charlie Lake divestiture. The Credit Facility has 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. In May 2026, Tamarack extended the Credit Facility maturity date by two years to May 29, 2030 and the facility was also amended to ease certain covenant restrictions, including the leverage ratios.

Financial covenants on the Credit Facility as at June 30, 2026	**Limit (previous)**	**Limit (new)**	**Current (actual)**
Total debt to EBITDA ratio	<3.5:1.0	<4.0:1.0	**0.4:1.0**
Senior debt to EBITDA ratio	<3.0:1.0	<3.5:1.0	**0.0:1.0**
Interest Coverage ratio	>3.0:1.0	>3.0:1.0	**16.5:1.0**

In July 2025, the Company issued the 2030 Notes, consisting of $325.0 million of 6.875% interest-bearing senior unsecured notes maturing on July 25, 2030. The 2030 Notes pay interest semi-annually in arrears. The Company also previously held $200.0 million of 7.25% interest-bearing senior unsecured notes due on May 10, 2027. On May 11, 2026, Tamarack redeemed the remaining outstanding 2027 Notes at a cost of 100.75% of principal, initially utilizing the proceeds of a Credit Facility draw.

Share capital

(thousands)	July 17, 2026	June 30, 2026	December 31, 2025
Common shares outstanding	**473,594**	475,036	485,681
Common shares held in treasury	**670**	693	1,192
Total common shares	**474,264**	475,729	486,873
Equity-settled stock options	**-**	-	95
Equity-settled RSUs	**3,692**	3,715	4,132
Equity-settled PSUs	**3,358**	3,358	3,176
Cash-settled RIAs	**651**	651	829
Cash-settled PIAs	**4,140**	4,140	4,267

At any given time, the balance of issued and outstanding equity compensation units that are granted to service providers of the Company may not exceed 4% of the outstanding common share float of the Company, pursuant to the limits set forth in Tamarack's stock-based compensation plans.

During the six months ended June 30, 2026, the Company granted 4.3 million share-based awards at a weighted average fair value of $10.32 per share, which was primarily based on the Company's share price at the date of grant. Tamarack utilized acquired treasury shares to settle 2.5 million stock-based compensation units that were exercised in the first half of 2026, resulting in no dilution of outstanding common shares.

Performance share units ("PSUs") and performance incentive awards ("PIAs") are subject to a maximum performance multiplier of 2.0 times, which would increase the number of common shares that are ultimately issued to unitholders. As at June 30, 2026, if all outstanding, unvested PSUs and PIAs were to vest with the maximum potential performance multiplier of 2.0, 6.2 million incremental units (or equivalent cash value) would be issued to unitholders. For the six months ended June 30, 2026, actual market and non-market performance adjustment factors on vested PSUs and PIAs averaged 1.93.

Commitments and contingencies

($ thousands)						
As at June 30, 2026	**2026**	**2027**	**2028**	**2029**	**2030+**	**Total**
Senior Notes	$ -	$ -	$ -	$ -	$ 325,000	**$ 325,000**
Clearwater Infrastructure Partnership (CIP)	4,350	9,152	10,187	8,669	140,053	**172,411**
Accounts payable and accrued liabilities	199,038	5,400	-	-	-	**204,438**
Risk management contracts	17,064	3,011	-	-	-	**20,075**
Other liabilities, excluding CIP	592	47,886	7,259	1,446	1,142	**58,325**
Financial liabilities on the balance sheet	221,044	65,449	17,446	10,115	466,195	**780,249**
Interest on debt and other liabilities	19,888	39,047	37,984	36,924	90,036	**223,879**
Transportation commitments	27,434	58,004	48,873	48,897	116,487	**299,695**
Processing commitments	11,389	6,702	987	-	-	**19,078**
Total financial commitments	$ 279,755	$ 169,202	$ 105,290	$ 95,936	$ 672,718	**$1,322,901**

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.

Selected quarterly information

	Jun. 30, 2026	Mar. 31, 2026	Dec. 31, 2025	Sep. 30, 2025	Jun. 30, 2025	Mar. 31, 2025	Dec. 31, 2024	Sep. 30, 2024
Financial results (000s, except per share amounts)								
Oil and natural gas sales	**$ 603,791**	$ 443,939	$ 365,028	$ 394,088	$ 408,267	$ 444,288	$ 426,482	$ 439,435
Cash provided by operating activities	**313,292**	183,336	175,571	226,194	189,579	187,553	201,798	240,843
Per share – basic	**0.66**	0.38	0.36	0.46	0.38	0.36	0.38	0.45
Per share – diluted	**0.65**	0.37	0.35	0.45	0.37	0.36	0.38	0.44
Adjusted funds flow[(1)]	**$ 255,050**	$ 221,778	$ 171,806	$ 200,586	$ 197,037	$ 226,146	$ 223,431	$ 220,419
Per share – basic	**0.53**	0.46	0.35	0.40	0.39	0.44	0.42	0.41
Per share – diluted	**0.53**	0.45	0.35	0.40	0.39	0.43	0.42	0.40
Net income (loss)	**$ 205,676**	$ 5,645	$ 61,922	$ (248,766)	$ 86,237	$ 64,258	$ 6,382	$ 93,694
Per share – basic	**0.43**	0.01	0.13	(0.50)	0.17	0.12	0.01	0.17
Per share – diluted	**0.43**	0.01	0.12	(0.50)	0.17	0.12	0.01	0.17
NCIB repurchases	**$ 80,335**	$ 47,030	$ 49,384	$ 37,764	$ 41,803	$ 56,330	$ 52,029	$ 49,588
Dividends declared per share	**$ 0.0400**	$ 0.0400	$ 0.0394	$ 0.0383	$ 0.0383	$ 0.0383	$ 0.0380	$ 0.0375
Weighted-average shares outstanding (000s)								
Basic	**478,193**	484,019	489,744	496,617	503,447	515,306	529,136	540,990
Diluted	**483,750**	489,966	495,712	502,453	508,268	520,368	533,845	545,266
Sales volumes								
Heavy oil (bbls/d)	**49,291**	48,338	45,451	43,357	42,004	40,383	39,341	39,047
Light oil (bbls/d)	**8,757**	10,179	10,220	11,283	14,149	14,204	13,822	13,203
NGL (bbls/d)	**2,157**	2,498	2,823	2,029	3,120	3,007	2,841	2,915
Natural gas (mcf/d)	**54,142**	61,884	60,846	56,740	65,922	60,616	60,602	59,154
Total (boe/d)	**69,229**	71,329	68,635	66,126	70,260	67,697	66,104	65,024
Realized prices								
Heavy oil ($/bbl)	**$ 106.81**	$ 77.42	$ 65.53	$ 73.37	$ 73.58	$ 83.03	$ 79.69	$ 84.98
Light oil ($/bbl)	**134.63**	95.18	75.85	86.64	82.76	92.78	94.30	97.79
NGL ($/bbl)	**44.38**	37.29	27.66	36.51	29.97	35.13	32.84	39.58
Natural gas ($/mcf)	**1.77**	2.07	2.24	0.90	2.00	2.64	1.71	0.87
Total ($/boe)	**$ 95.84**	$ 69.15	$ 57.81	$ 64.77	$ 63.85	$ 72.92	$ 70.12	$ 73.46
Operating netback ($/bbl)								
Oil and natural gas sales	**$ 95.84**	$ 69.15	$ 57.81	$ 64.77	$ 63.85	$ 72.92	$ 70.12	$ 73.46
Royalty expenses	**(19.91)**	(11.16)	(10.88)	(11.60)	(12.15)	(14.11)	(13.42)	(15.74)
Operating expenses	**(6.96)**	(7.33)	(6.74)	(7.22)	(8.01)	(7.76)	(7.16)	(8.70)
Transportation expenses	**(3.83)**	(3.70)	(3.39)	(3.24)	(3.54)	(3.68)	(3.30)	(2.36)
Realized hedging gain (loss)	**(8.65)**	(2.08)	(1.46)	(0.02)	0.11	(1.74)	(1.59)	0.03
Operating netback[(1)]	**$ 56.49**	$ 44.88	$ 35.34	$ 42.69	$ 40.26	$ 45.63	$ 44.65	$ 46.69

	Jun. 30, 2026	Mar. 31, 2026	Dec. 31, 2025	Sep. 30, 2025	Jun. 30, 2025	Mar. 31, 2025	Dec. 31, 2024	Sep. 30, 2024
Balance sheet (000s)								
Investment in oil and natural gas assets	**98,724**	93,453	99,293	104,825	63,166	132,731	127,311	109,032
Acquisitions	**8,424**	-	41,509	53,715	-	-	-	-
Dispositions	**(727,933)**	-	(103,298)	-	(23,254)	(115)	1,107	(1,076)
Total assets	**3,102,198**	3,416,784	3,363,559	3,470,242	3,860,188	3,988,091	3,988,763	4,010,592
Debt	**319,589**	657,073	668,328	702,147	717,395	764,614	738,123	736,252
Net (cash) debt(1)	**(132,634)**	622,740	685,716	631,057	711,132	768,625	775,438	807,401
Asset retirement obligations	**131,728**	136,281	134,072	135,805	175,157	184,950	180,281	168,966

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

- Volatility in commodity prices and differentials and the resulting effect on revenue, cash provided by operating activities, adjusted funds flow and earnings.
- 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 September 17, 2024, Tamarack expanded the Clearwater Infrastructure Partnership to include a 13th Indigenous community partner. 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.
- 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 area for gross cash proceeds of $28.0 million before closing adjustments, resulting in a reduction in discounted asset retirement obligations of $14.5 million. As at December 31, 2024, the assets and corresponding liabilities were presented as held for sale at their anticipated recoverable value, resulting in an impairment loss of $38.1 million. The transaction was completed on May 21, 2025.
- On July 25, 2025, the Company issued $325.0 million aggregate principal amount of 6.875% interest-bearing senior unsecured notes due on July 25, 2030. The 2030 Notes pay interest semi-annually in arrears with the principal amount repayable at the date of maturity. Net proceeds from the transaction at the date of closing were utilized primarily to repay amounts outstanding under the Credit Facility and redeem $100.0 million of the 2027 Notes.
- On July 29, 2025, Tamarack acquired all of the issued and outstanding shares of a private company for cash consideration of $51.5 million before closing adjustments. In connection with the acquisition, Tamarack acquired approximately 1,100 boe per day of heavy oil and natural gas production and over 114 net sections of mineral rights near the Company's core asset holdings in the Clearwater.
- On October 15, 2025, Tamarack sold substantially all of the Company's remaining non-core oil and natural gas assets in the Veteran Consort and Eyehill areas of Eastern Alberta for gross cash proceeds of $112.0 million before closing adjustments. As part of the sale, Tamarack derecognized $40.8 million in asset retirement obligations and recorded a loss on sale of $397.9 million. The disposed assets included production of ~4,000 boe per day.
- On October 17, 2025, Tamarack acquired 20.46 net sections in the Pelican area for $41.5 million, targeting the Clearwater and Wabiskaw formations.
- On May 11, 2026, Tamarack redeemed the remaining outstanding 2027 Notes at a cost of 100.75% of principal utilizing the proceeds from a Credit Facility draw.
- On June 15, 2026, Tamarack sold all of the Company's Charlie Lake assets in the Grande Prairie area for gross cash proceeds of $803.8 million before closing adjustments. As part of the sale, Tamarack derecognized $27.0 million in asset retirement obligations and recorded a loss on sale of $19.5 million. The disposed assets included production of ~18,000 boe per day. A portion of the net proceeds were utilized to repay amounts drawn under the Credit Facility.

Notes

(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) Based upon the independent reserves evaluation conducted by McDaniel & Associates Consultants Ltd. ("McDaniel") as at December 31, 2025. Refer to "Advisories and guidance" for information about the independent reserves evaluations conducted by McDaniel.

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, business combinations, 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 three and six months ended June 30, 2026.

Non–GAAP financial measures and non-GAAP financial ratios

This document contains the terms "net operating expenses", "operating netback", "operating field netback", "heavy oil differential including transportation expenses", "light oil differential including transportation expenses" and "adjusted net income", 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 for further details regarding the calculation and measurement of these measures.

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 share. 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 benchmark price during that period. These performance measures are presented on a per bbl basis as a non-GAAP financial ratio.

Net operating 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 operating expenses, whereas processing income is reported as other income in the 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 operating 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 operating 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 netback" 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 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.

Adjusted net income

The calculation of the Company's adjusted net income is presented in the "Net income and adjusted net income" section of this MD&A and is determined by removing impairment losses, gains and losses on dispositions and unrealized gains and losses on risk management contracts on an after-tax basis from the Company's net income for the period. Tamarack and others utilize this performance metric to assess earnings in the absence of non-cash gains and losses. This metric may also be presented on a per share 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", "available funding", "net (cash) debt", "working capital surplus" and "net (cash) debt to annualized adjusted funds flow", which the Company utilizes to manage its capital. Refer to the Annual Financial Statements for further details. Available funding is a capital management measure that was added in the second quarter of 2026 in response to the Company's net cash position and available credit following the Charlie Lake divestiture. 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 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 often 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.

Available funding

Available funding is calculated as the sum of undrawn credit capacity under the Company's credit facility and cash, accounts receivable, prepaid expenses and deposits, cross-currency swap liability (asset), assets held for sale (net), accounts payable and accrued liabilities. The available funding measure provides users with an indication of the liquidity available to fund capital investments and any acquisitions or shareholder distributions.

Net (cash) debt and working capital surplus

The calculation of the Company's net (cash) debt and working capital surplus is included under "Liquidity and capital resources". Tamarack and others utilize net (cash) debt and working capital surplus to assess liquidity and balance sheet strength by aggregating the select financial assets and financial liabilities on the Company's balance sheet.

Net (cash) debt to annualized adjusted funds flow

Net (cash) debt to annualized adjusted funds flow is a capital management ratio and is calculated as net (cash) debt divided by the annualized adjusted funds flow for the most recently completed quarter. Tamarack and others utilize net (cash) debt to annualized adjusted funds flow to provide a measure 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.

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, adjusted funds flow and free 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. Adjusted funds flow and free funds flow per share are capital management ratios as discussed above.

Per BOE disclosures

Tamarack's supplementary financial measures on a per boe basis consist of average heavy oil realized sales price per bbl, 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 per bbl, light oil differential including transportation expenses per bbl, royalty expense per boe, transportation expenses per boe, realized commodity hedging gain/loss per boe, G&A expense per boe, stock-based compensation expense per boe, interest 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 operating 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.

The Company's DC&P and ICFR were effective as at June 30, 2026. No material changes to the Company's DC&P and its ICFR were identified during the period ended June 30, 2026 that have materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting. 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 monitor 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 voluntary and effective for annual reporting periods beginning on or after January 1, 2025. 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, 2025, 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 51-107 Disclosure of Climate-related Matters ("NI 51-107") 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. However, in April 2025, the CSA announced that it is pausing further work on the development of mandatory climate-related disclosure rules, in light of recent developments in the United States and internationally. The CSA has indicated that it will monitor domestic and international regulatory developments with respect to climate-related disclosures and expects to revisit this project in future years to finalize the requirements for Canadian issuers. 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.

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. Tamarack is directly impacted by these risks:

- Volatility in commodity and petroleum product prices
- Inflation risk
- Environmental and climate change risk
- Financial risks
- Operational risks
- Regulatory risks

For additional information on the risks relating to Tamarack's business, see "Risk Factors" in Tamarack's Annual Information Form and "Business Risks" in Tamarack's Annual MD&A for the year ended December 31, 2025.

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;
- the Company's business strategy, objectives, strength and focus, including with respect to acquisitions;
- the Company's plans to continue developing and expand its Clearwater asset base in Northern Alberta;
- the timing, amount and allocation of the planned additional Clearwater capital investments by the Company and planned secondary waterflood recovery initiative;
- 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;
- 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 and benefits of the Company's ongoing waterflood investment, including lower production costs, reduced corporate decline rates and lower reinvestment ratios;
- purchases under the Company's current normal course issuer bid including the Company's plan to reacquire up to 47.7 million common shares by January of 2027;
- the Company's plans in respect of returns of capital, including dividend and enhanced return programs, including the Company's intention to increase the quarterly dividend;
- the Company's expectation regarding low corporate breakeven oil prices and its ability to generate free funds flow;
- the Company's expectations surrounding its 2026 capital guidance, including the Company's expectation to trend towards the higher end of the capital investment guidance, funding thereof and the ability to satisfy its planned 2026 capital development program, while maximizing free funds flow generation with continued growth of the Company and shareholder returns by way of dividend payments and share buybacks being the priorities of the Company;
- expectations regarding continued shareholder returns throughout 2026, including dividends and share buybacks;
- the Company's belief that cash on hand, available credit and anticipated adjusted funds flow will be sufficient to fund the Company's planned capital programs and any future acquisitions, dividends and share buybacks;
- the Company's 2026 outlook and planned 2026 capital projects and ongoing assessments in respect of the same;
- the Company's ability to scale its 2026 capital program in response to near-term market volatility;
- expectations surrounding the Credit Facility and the terms thereof, including the ability to access an incremental $125.0 million of secured debt subject to certain conditions;
- financial covenants applicable to the Credit Facility;
- Tamarack's 2026 production guidance, operating expense guidance and ongoing assessments in respect of the same;
- the Company's ability to meet its obligations and commitments under the 2030 Notes;
- the Company's expectations relating to the continued generation of higher margins through improved heavy oil price differentials, enhanced market egress, long-term firm volume commitments and lower operating costs;
- contractual obligations and commitments;
- estimates used to calculate asset retirement obligations and depletion of oil and natural gas assets;
- the Company's capital investment plans, including drilling activities in the Clearwater, the ongoing expansion of the Clearwater waterflood and the expectation to achieve exit water injection rates in the Clearwater area of over 70,000 bbls per day with 38% of Clearwater oil production under waterflood by the end of 2026;
- anticipated phasing of the majority of the Company's secondary recovery investment to the balance of the year;
- the Company's exploration and derisking plans;
- the Company's expectations surrounding continued production growth supported by strong reservoir response and decline mitigation on base production from ongoing Clearwater waterflood investments;
- forecasted royalty rate, general and administrative expenses, income taxes and interest expense for 2026;
- 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 units issuable thereunder;
- expectations surrounding the Company's major infrastructure projects and anticipated benefits thereof, including with respect to the performance of its Clearwater drilling programs;
- expectations regarding the Company's ongoing monitoring of evolving climate-related disclosure standards and the potential impacts on reporting obligations and business operations;
- expectations surrounding identified changes to the Company's DC&P and its ICFR (or lack thereof) and its effect on the Company's internal controls over financial reporting on a go-forward basis (including the lack thereof);
- expectations regarding the merits, impacts 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:

- the material assumptions and observations described under the headings "H1 2026 in review", "About Tamarack Valley Energy Ltd.", "Q2 2026 operational and financial highlights", "Highlights for the three and six months ended June 30, 2026", "Annual guidance", ""Production", "Benchmark prices", "Oil and natural gas sales", "Risk management", "Royalties", "Net operating expenses", "Transportation expenses", "Operating netback", "General and administrative ("G&A") expenses", "Stock-based compensation expense", "Finance expense", "Income taxes", "Depletion and depreciation ("D&D")", "Cash provided by operating activities and adjusted funds flow", "Net income and adjusted net income", "Investments in oil and natural gas assets", "Liquidity and capital resources", "Share capital", "Commitments and contingencies" and "Selected quarterly information";
- future commodity prices, price differentials and the actual prices received for the Company's products;
- expected net operating expenses and transportation expenses;
- basis for continued shareholder returns, including assumptions regarding production, pricing, foreign exchange, differential and free cash flow return;
- estimated proved plus probable oil and natural gas reserves;
- the effects of heavy and light 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 the Company's infrastructure and waterflood development program and the Company's acquisitions, including related drilling programs, as applicable;
- 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 timing, amount and performance of additional Clearwater capital investments and secondary waterflood recovery initiatives;
- 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 increases 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;
- the availability of cash on hand, available credit and future anticipated adjusted funds flow to fund planned capital development programs and future acquisitions, dividends or share buybacks;
- 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 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 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 2026 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 U.S.-Venezuela conflict and the impact of potential increases in North American heavy oil supply;
- the U.S.-Iran conflicts and uncertainty regarding the stability of any ceasefires or other de-escalation measures;
- delays or changes in plans with respect to exploration or development projects or capital expenditures;
- changes in commodity prices may cause royalty rates, income taxes, general and administrative expenses or interest expense to differ materially from the Company's expectations;
- the risk that the Company may not achieve anticipated water injection rates, anticipated Clearwater oil production or meet the capital investment guidance;
- the risk that the Company may not be able to scale its capital program as anticipated due to market conditions or other factors;
- the Company will not fund its capital programs on anticipated terms or timing;
- 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 existing tariffs and additional or expanded tariffs imposed by the U.S. administration and other countries on Canadian goods or other restrictive trade measures, including with respect to crude oil and natural gas, and that such measures (and/or the Canadian government's response to such measures, including retaliatory countermeasures) adversely affect the demand and/or market price for the Company's products and/or otherwise adversely affect the Company;
- the risks related to the renegotiation of the United States-Mexico-Canada Agreement, resulting in changes to trade, tariff or market access terms that may adversely affect the Company;
- the risk that cash on hand, available credit and anticipated adjusted funds flow will not be sufficient to fund the Company's planned capital programs and any future acquisitions, dividends and share buybacks;
- 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;
- marketing and transportation;
- prevailing weather and break-up conditions;
- environmental risks;
- evolving climate change disclosure standards and sustainability reporting requirements, and the potential impacts on the Company's operations and reporting obligations;
- competition for, among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel;
- operating 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;
- 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, 2025, which may be accessed on Tamarack's SEDAR+ profile at www.sedarplus.ca 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 2026 development capital program and plans regarding payment of 2026 dividends and any share buybacks by using anticipated adjusted funds flow combined with available credit facilities, commodity prices, Tamarack's 2026 capital guidance and components thereof including prospective results of operations and production, planned investment in oil and natural gas assets and expansion of the waterflood program; expected capital expenditures (including in respect of Tamarack's capital E&D budget), 2026 annual guidance and the components thereof including capital investments and annual average production, average oil & NGL weighting, and expenses (including expected royalty rates, operating 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) targets, capital requirements, return of capital, the Company's 2026 budget and associated targets, debt repayments, Tamarack's 2026 base capital investment program of $430 - 450 million, targeting average production range of 61,500 – 63,000 boe per day in 2026, anticipated generation of significant free cash flow in 2026 based on current strip prices, the use of free cash flow for share buybacks, dividends and debt reduction, the availability and use of credit facilities, expected commitments and contingencies of the Company over the upcoming years and the components thereof, total returns and components thereof, decline rates, and expected ongoing enhancement of operating netbacks through improved realizations and lower operating expenses, 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.

Reserves disclosure

All references to reserves are presented on a gross basis, reflecting Tamarack's working interest before royalties. The figures are based on the independent evaluation reports of McDaniel & Associates Consultants Ltd. ("McDaniel"), dated January 21, 2026, and have an effective date of December 31, 2025. The reports were prepared in accordance with National Instrument 51-101 and the Canadian Oil and Gas Evaluation Handbook and contain significant estimates, assumptions and judgments relating to crude oil and natural gas reserves, production, commodity prices, future development costs and operating related expenses. These reports are subject to significant measurement uncertainty as actual results may differ from these estimates and could be material.

Certain oil and gas terms

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

- **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. Original production guidance on a total per boe basis is comprised of approximately ~68% heavy oil, ~13% light oil, ~4% NGLs and ~15% natural gas. Revised production guidance on a total per boe basis is comprised of approximately ~79% heavy oil, ~8% light oil, ~2% NGLs and ~11% natural gas.

Short-term production

References in this MD&A to initial production rates and other short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of Tamarack.

Abbreviations

AECO	Alberta Energy Company benchmark for natural gas	**NGL**	natural gas liquids
Bbl(s)	barrel(s)	**nm**	not meaningful information
bbls/d	barrels per day	**NYMEX**	New York Mercantile Exchange
boe	barrels of oil equivalent	**OPEC**	Organization of Petroleum Exporting Countries
boe/d	barrels of oil equivalent per day	**OPEC+**	OPEC plus certain other oil-producing countries
ESG	Environment, sustainability and governance	**WCS**	Western Canadian Select, the benchmark for both conventionally produced and oilsands produced heavy sour crude oil in Western Canada
GAAP	Generally accepted accounting principles		
IFRS	IFRS Accounting Standards		
mcf	thousand cubic feet	**WTI**	West Texas Intermediate, the reference price paid for crude oil of standard grade in US dollars at Cushing, Oklahoma
mcf/d	thousand cubic feet per day		
NCWC	non-cash working capital		

TAMARACK VALLEY ENERGY LTD.

Unaudited Condensed Interim Consolidated Balance Sheets
(thousands of Canadian dollars)

As at	Notes	June 30, 2026	December 31, 2025
Assets			
Current assets			
Cash	3	**$ 508,321**	$ 5,444
Accounts receivable	4	**152,576**	114,248
Prepaid expenses and deposits		**10,818**	30,369
Risk management contracts	7	**1,911**	14,579
		673,626	164,640
Oil and natural gas assets	5	**2,428,572**	3,198,919
		3,102,198	3,363,559
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		**204,438**	145,208
Risk management contracts	7	**20,075**	-
Other liabilities	8	**50,143**	33,407
Asset retirement obligations	10	**18,770**	4,911
		293,426	183,526
Debt	6	**319,589**	668,328
Other liabilities	8	**175,442**	197,376
Asset retirement obligations	10	**112,958**	129,161
Deferred income taxes		**337,071**	360,059
		1,238,486	1,538,450
Shareholders' equity			
Share capital	11	**1,605,216**	1,642,819
Treasury shares	11	**(6,347)**	(7,690)
Contributed surplus	15	**28,413**	26,680
Retained earnings		**236,430**	163,300
		1,863,712	1,825,109
		$ 3,102,198	$ 3,363,559

Commitments and contingencies	9
Subsequent events	11

See accompanying notes to the Interim Financial Statements.

TAMARACK VALLEY ENERGY LTD.

Unaudited Condensed Interim Consolidated Statements of Income and Comprehensive Income
(thousands of Canadian dollars, except per share amounts)

		Three months ended		Six months ended	
June 30	**Notes**	**2026**	**2025**	**2026**	**2025**
Revenue					
Oil and natural gas sales	13	**$ 603,791**	$ 408,267	**$ 1,047,730**	$ 852,555
Sale of purchased product		**14,133**	15,371	**17,008**	17,404
Processing and other income		**1,477**	204	**1,884**	861
Royalties		**(125,449)**	(77,690)	**(197,121)**	(163,687)
		493,952	346,152	**869,501**	707,133
Risk management contracts					
Realized gain (loss)	7	**(54,468)**	688	**(67,843)**	(9,897)
Unrealized gain (loss)	7	**90,017**	39,425	**(32,743)**	21,070
		529,501	386,265	**768,915**	718,306
Expenses					
Operating		**44,433**	51,485	**91,897**	99,361
Transportation		**24,143**	22,618	**47,879**	45,050
Product purchases and blending		**15,366**	16,353	**20,472**	19,510
Finance	14	**17,371**	20,886	**36,318**	41,698
Stock-based compensation	15	**17,560**	6,019	**28,078**	8,800
General and administrative		**8,646**	8,768	**17,622**	17,345
Depletion and depreciation	5	**110,484**	143,661	**225,633**	283,980
Loss on dispositions and other	5, 6	**23,990**	1,811	**23,564**	562
		261,993	271,601	**491,463**	516,306
Net income before income taxes		**267,508**	114,664	**277,452**	202,000
Income taxes					
Current income tax expense		**59,880**	26,655	**86,563**	52,198
Deferred income tax expense (recovery)		**1,952**	1,772	**(20,432)**	(693)
		61,832	28,427	**66,131**	51,505
Net income and comprehensive income		**$ 205,676**	$ 86,237	**$ 211,321**	$ 150,495
Net income per share					
Basic	12	**$ 0.43**	$ 0.17	**$ 0.44**	$ 0.30
Diluted	12	**$ 0.43**	$ 0.17	**$ 0.43**	$ 0.29

See accompanying notes to the Interim Financial Statements.

TAMARACK VALLEY ENERGY LTD.

Unaudited Condensed Interim Consolidated Statements of Cash Flows
(thousands of Canadian dollars)

		Three months ended		Six months ended	
June 30	**Notes**	**2026**	**2025**	**2026**	**2025**
Operating activities					
Net income		**$ 205,676**	$ 86,237	**$ 211,321**	$ 150,495
Items not affecting cash:					
Depletion and depreciation	5	**110,484**	143,661	**225,633**	283,980
Unrealized (gain) loss on risk management contracts	7	**(90,017)**	(39,425)	**32,743**	(21,070)
Deferred income tax expense (recovery)		**1,952**	1,772	**(20,432)**	(693)
Non-cash finance expenses	14	**2,441**	4,555	**5,432**	8,702
Loss on dispositions and other	5	**24,514**	237	**22,131**	1,769
Settlement of asset retirement obligations	10	**(1,546)**	(757)	**(1,761)**	(3,479)
Changes in non-cash working capital	16	**59,788**	(6,701)	**21,561**	(42,572)
Cash provided by operating activities		**313,292**	189,579	**496,628**	377,132
Financing activities					
Purchase of common shares for cancellation	11	**(80,335)**	(41,803)	**(127,365)**	(98,133)
Dividends	11	**(19,164)**	(19,233)	**(38,475)**	(38,799)
Purchase of common shares for treasury	11	**(12,500)**	(4,001)	**(22,500)**	(8,017)
Current income tax recovery recognized directly in equity		**1,996**	-	**4,168**	-
Net repayment of revolving debt	6	**(144,273)**	(44,389)	**(152,794)**	(18,340)
Repayment of senior notes	6	**(196,450)**	-	**(201,478)**	-
Repayment of other liabilities	8	**(9,585)**	(9,430)	**(12,067)**	(12,396)
Proceeds from exercise of equity compensation	11, 15	**-**	112	**214**	244
Changes in non-cash working capital	16	**2,037**	(2,679)	**(4,237)**	2,668
Cash used in financing activities		**(458,274)**	(121,423)	**(554,534)**	(172,773)
Investing activities					
Investments in oil and natural gas assets	5	**(98,724)**	(63,166)	**(192,177)**	(195,897)
Acquisitions	5	**(8,424)**	-	**(8,424)**	-
Proceeds from disposals	5	**727,933**	23,254	**727,933**	23,369
Changes in non-cash working capital	16	**20,281**	(33,448)	**33,451**	(36,467)
Cash provided by (used in) investing activities		**641,066**	(73,360)	**560,783**	(208,995)
Change in cash		**496,084**	(5,204)	**502,877**	(4,636)
Cash, beginning of period		**12,237**	7,959	**5,444**	7,391
Cash, end of period	3	**$ 508,321**	$ 2,755	**$ 508,321**	$ 2,755

See accompanying notes to the Interim Financial Statements.

TAMARACK VALLEY ENERGY LTD.

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(thousands of Canadian dollars)

As at and for the six months ended	Notes	June 30, 2026	June 30, 2025
Share capital			
Balance, beginning of year		**$ 1,642,819**	$ 1,764,900
Purchase of common shares for cancellation	11	**(37,603)**	(76,386)
Balance, end of period		**1,605,216**	1,688,514
Treasury shares			
Balance, beginning of year		**(7,690)**	(3,735)
Purchase of common shares for settlement of equity compensation	11	**(22,500)**	(8,017)
Exercise of equity compensation	11	**23,629**	7,703
Proceeds from exercise of equity compensation	11, 15	**214**	244
Balance, end of period		**(6,347)**	(3,805)
Contributed surplus			
Balance, beginning of year		**26,680**	20,823
Stock-based compensation incurred	15	**8,683**	6,386
Deferred tax asset from equity compensation		**6,725**	-
Exercise of equity compensation	11, 15	**(13,675)**	(7,703)
Balance, end of period		**28,413**	19,506
Retained earnings			
Balance, beginning of year		**163,300**	339,869
Purchase of common shares for cancellation	11	**(89,762)**	(21,747)
Dividends	11	**(38,475)**	(38,799)
Exercise of equity compensation	11, 15	**(9,954)**	-
Net income		**211,321**	150,495
Balance, end of period		**$ 236,430**	$ 429,818
Total shareholders' equity, beginning of year		**$ 1,825,109**	$ 2,121,857
Total shareholders' equity, end of period		**$ 1,863,712**	$ 2,134,033

See accompanying notes to the Interim Financial Statements.

(thousands of Canadian dollars, unless otherwise indicated)

1. Reporting entity

Tamarack Valley Energy Ltd. is a corporation engaged in the exploration, development, production and sale of oil and natural gas in the Western Canadian Sedimentary Basin. Tamarack is now a pure-play Clearwater producer, holding an extensive inventory of primary drilling and waterflood expansion opportunities at Nipisi, Marten Hills and South Clearwater in Northern Alberta. Tamarack is a publicly traded company on the Toronto Stock Exchange 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 unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2026 and 2025 (the "Interim Financial Statements") were approved and authorized by the Board of Directors on July 27, 2026.

2. Basis of preparation

These Interim Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board. These Interim Financial Statements are condensed as they do not include all information required by IFRS Accounting Standards for annual financial statements and should be read in conjunction with Tamarack's annual financial statements for the years ended December 31, 2025 and 2024 (the "Annual Financial Statements"). These statements follow the same accounting policies as the Annual Financial Statements. They 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 Interim Financial Statements consist of Tamarack and its subsidiaries. Intercompany balances and any income and expenses arising from intercompany transactions have been eliminated. These Interim Financial Statements are presented in Canadian dollars, which is Tamarack's functional and reporting currency.

3. Cash

Following the Charlie Lake divestiture on June 15, 2026 (Note 5), Tamarack exited the second quarter of 2026 with cash of $508.3 million, held with four large Canadian chartered banks within the Company's lending syndicate, with no single institution holding more than 40% of the balance.

4. Receivables

As at		June 30, 2026		December 31, 2025
Oil and natural gas sales	**$**	**135,279**	$	108,807
Joint venture billings		**3,442**		4,425
Other receivables		**13,855**		1,016
Accounts receivable	**$**	**152,576**	$	114,248

5. Oil and natural gas assets

Cost		PP&E		E&E		Total
Balance at December 31, 2025	$	5,000,516	$	82,909	**$**	**5,083,425**
Investments in oil and natural gas assets		191,256		921		**192,177**
Non-cash capitalized costs		29,882		-		**29,882**
Acquisitions		8,424		-		**8,424**
Disposal of Charlie Lake assets		(1,336,940)		-		**(1,336,940)**
Balance at June 30, 2026	$	3,893,138	$	83,830	**$**	**3,976,968**

Accumulated depletion, depreciation and impairment losses		PP&E		E&E		Total
Balance at December 31, 2025	$	1,867,288	$	17,218	**$**	**1,884,506**
Depletion and depreciation		222,863		2,770		**225,633**
Disposal of Charlie Lake assets		(561,743)		-		**(561,743)**
Balance at June 30, 2026	$	1,528,408	$	19,988	**$**	**1,548,396**

Carrying amounts		PP&E		E&E		Total
At December 31, 2025	$	3,133,228	$	65,691	**$**	**3,198,919**
At June 30, 2026	$	2,364,730	$	63,842	**$**	**2,428,572**

Charlie Lake divestiture

On May 27, 2026, Tamarack entered into a purchase and sale agreement to fully divest of its Charlie Lake assets in the Grande Prairie area for gross cash proceeds of $803.8 million before closing adjustments. The transaction had an effective date of April 1, 2026 and closed on June 15, 2026. The Company received net proceeds of $727.9 million, net of effective date closing adjustments of $50.8 million, realized losses from unwinding affiliated light oil risk management contracts of $13.3 million and transaction costs of $11.8 million. In connection with the divestiture, Tamarack derecognized $27.0 million in discounted asset retirement obligations (Note 10) and recorded a loss of $19.5 million.

6. Debt

	Credit Facility	2030 Notes	2027 Notes	Total
Balance at December 31, 2025	$ 151,968	$ 318,927	$ 197,433	**$ 668,328**
Repayment of debt instruments, net	(152,794)	-	(200,000)	**(352,794)**
Unrealized foreign exchange loss	73	-	-	**73**
Amortization of deferred borrowing costs	753	662	2,567	**3,982**
Balance at June 30, 2026	$ -	$ 319,589	$ -	**$ 319,589**
Maturity date	May 29, 2030	July 25, 2030		

Credit Facility

As at June 30, 2026, Tamarack had access to an undrawn covenant-based $875.0 million revolving lending facility (the “Credit Facility”). In the second quarter of 2026, amounts drawn under the Credit Facility were fully repaid using a portion of the net proceeds from the Charlie Lake divestiture (Note 5). The Credit Facility has 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. The incremental borrowing rate on term draws under the facility is approximately 5%, excluding deferred borrowing cost amortization.

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 and is secured by a $2.5 billion debenture with fixed coverage over all assets of Tamarack, excluding the Clearwater Infrastructure Partnership assets (Note 8). In May 2026, Tamarack extended the Credit Facility maturity date by two years to May 29, 2030 and the facility was also amended to ease certain covenant restrictions, including the leverage ratios. As at June 30, 2026, Tamarack had $3.7 million of letters of credit issued and outstanding under the Credit Facility.

Financial covenants on the Credit Facility as at June 30, 2026	Limit (previous)	Limit (new)	Current (actual)
Total Debt to EBITDA ratio	<3.5:1.0	<4.0:1.0	**0.4:1.0**
Senior Debt to EBITDA ratio	<3.0:1.0	<3.5:1.0	**0.0:1.0**
Interest Coverage ratio	>3.0:1.0	>3.0:1.0	**16.5:1.0**

2030 Notes

During 2025, the Company issued $325.0 million aggregate principal amount of 6.875% interest-bearing senior unsecured notes maturing on July 25, 2030 (the “2030 Notes”). The 2030 Notes pay interest semi-annually in arrears and are not governed by any financial covenants. The 2030 Notes carry an effective interest rate of 7.28%.

The Company holds a prepayment option to repurchase the 2030 Notes at a cost of 103.4% of principal starting on July 25, 2027, which declines thereafter at each subsequent anniversary date, reaching par on July 25, 2029. Prior to July 25, 2027, Tamarack can repay up to 40% of the 2030 Notes using the proceeds of an equity offering at a cost of 106.9%. The Company may also redeem the 2030 Notes at a present value cost of 103.4% plus all of the interest that would otherwise be owing from the redemption date through to July 25, 2027.

2027 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 “2027 Notes”). In 2025, net proceeds from the 2030 Notes were utilized to redeem $100.0 million of the 2027 Notes at a cost of 102.0% of principal. On May 11, 2026, Tamarack redeemed the remaining outstanding 2027 Notes at a cost of 100.75% of principal utilizing the proceeds from a Credit Facility draw. Loss on dispositions and other includes $3.6 million in call premiums and the acceleration of remaining unamortized deferred borrowing costs associated with the redeemed notes.

7. Risk management contracts

Commodity related contracts As at and for the six months ended		June 30, 2026
Balance at December 31, 2025	$	**14,579**
Realized loss on settlements		**67,843**
Change in fair market value		**(100,586)**
Balance at June 30, 2026	$	**(18,164)**
Consisting of:		
Current asset	$	**1,911**
Current liability	$	**(20,075)**

At June 30, 2026, Tamarack held the following derivative contracts in respect of the Company's commodity hedging program:

Crude oil derivatives		Q3 2026	Q4 2026	Q1 2027	Q2 2027
WTI put	**Volume (bbls/d)**	**5,000**	**-**	**-**	**-**
	Average Put/Premium (USD/bbl)	50.00 / 2.78	-	-	-
WTI 2-way collar	**Volume (bbls/d)**	**13,000**	**18,500**	**18,000**	**15,000**
	Average Put/Call/Premium (USD/bbl)	53.46 / 74.90 / 0.64	50.00 / 78.65 / 1.64	51.53 / 83.36 / 0.25	53.50 / 84.00 / 0.08
WCS differential	**Volume (bbls/d)**	**7,500**	**15,500**	**-**	**-**
	Average Fixed Price (USD/bbl)	(11.84)	(13.05)	-	-

Natural gas derivatives		Summer 2026[1]
AECO 5A swap	**Volume (GJ/d)**	**10,000**
	Average Fixed Price (CAD/GJ)	2.74

(1) Summer runs from April 1 to October 31 of the given year

Foreign exchange derivatives		Q3 2026	Q4 2026	Q1 2027	Q2 2027
CAD/USD collar	**Amount (USD/month)**	**$16,000,000**	**$19,000,000**	**$12,000,000**	**$12,000,000**
	Average Put/Call (CAD/USD)	1.35 / 1.40	1.35 / 1.40	1.34 / 1.39	1.34 / 1.39
CAD/USD variable collar	**Amount (USD/month)**	**$10,000,000**	**$10,000,000**	**$10,000,000**	**$10,000,000**
	Average Put/Call/knock-in (CAD/USD)[1]	1.35 / 1.42 / 1.39	1.35 / 1.42 / 1.39	1.34 / 1.41 / 1.39	1.34 / 1.41 / 1.39
CAD/USD swap	**Amount (USD/month)**	**$8,000,000**	**$8,000,000**	**$9,000,000**	**$9,000,000**
	Average Fixed Price (CAD/USD)	1.37	1.37	1.37	1.37

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

8. Other liabilities

	Notes	Clearwater Infrastructure Partnership	Government loans and other	Lease liabilities	Cash-settled awards (Note 15)	Total
Balance at December 31, 2025		$ 171,843	$ 22,241	$ 6,952	$ 29,747	**$ 230,783**
Change in estimates		-	-	-	10,564	**10,564**
Liabilities incurred (disposed)		-	(444)	(509)	15,213	**14,260**
Payments		(12,678)	(7,327)	(1,041)	(18,815)	**(39,861)**
Interest expense	14	8,745	-	234	-	**8,979**
Accretion	14	276	584	-	-	**860**
Balance at June 30, 2026		$ 168,186	$ 15,054	$ 5,636	$ 36,709	**$ 225,585**
Consisting of:						
Current liability		$ 8,174	$ 12,312	$ 1,152	$ 28,505	**$ 50,143**
Non-current liability		$ 160,012	$ 2,742	$ 4,484	$ 8,204	**$ 175,442**

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, which commenced in the fourth quarter of 2023. 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.

Government loans and other

As at June 30, 2026, the Company held interest-free government loans of $15.1 million that are 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 repayment dates within the next two years. The loans remain interest-free subject to the Company's compliance with the terms and conditions of the agreement and the pre-established repayment schedule.

9. Commitments and contingencies

As at June 30, 2026	2026	2027	2028	2029	2030+	Total
Senior Notes	$ -	$ -	$ -	$ -	$ 325,000	**$ 325,000**
Clearwater Infrastructure Partnership (CIP)	4,350	9,152	10,187	8,669	140,053	**172,411**
Accounts payable and accrued liabilities	199,038	5,400	-	-	-	**204,438**
Risk management contracts	17,064	3,011	-	-	-	**20,075**
Other liabilities, excluding CIP	592	47,886	7,259	1,446	1,142	**58,325**
Financial liabilities on the balance sheet	221,044	65,449	17,446	10,115	466,195	**780,249**
Interest on debt and other liabilities	19,888	39,047	37,984	36,924	90,036	**223,879**
Transportation commitments	27,434	58,004	48,873	48,897	116,487	**299,695**
Processing commitments	11,389	6,702	987	-	-	**19,078**
Total financial commitments	$ 279,755	$ 169,202	$ 105,290	$ 95,936	$ 672,718	**$1,322,901**

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.

10. Asset retirement obligations

As at and for the period ended	Notes	June 30, 2026	December 31, 2025
Balance, beginning of year		**$ 134,072**	$ 194,608
Liabilities incurred		**3,970**	9,246
Change in discount rates and estimates		**(549)**	(18,460)
Liabilities settled		**(1,761)**	(5,441)
Acquisitions (dispositions) (net)	5	**(6,616)**	(54,359)
Revaluation of acquired liabilities		**-**	2,080
Accretion	14	**2,612**	6,398
Balance, end of period		**$ 131,728**	$ 134,072
Consisting of:			
Current portion of asset retirement obligations		**$ 18,770**	$ 4,911
Asset retirement obligations		**$ 112,958**	$ 129,161

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 June 30, 2026, the Company's total undiscounted and uninflated cash flows required to settle its asset retirement obligations was approximately $191.2 million (December 31, 2025 – $205.1 million) and the majority of the costs are expected to be incurred over the next 45 years. A risk-free rate of 3.8% (December 31, 2025 – 3.9%) and an inflation rate of 2.0% (December 31, 2025 – 2.0%) were utilized to measure the present value of the asset retirement obligations.

11. Shareholders' equity

	June 30, 2026		December 31, 2025	
Share capital	Shares	Amount	Shares	Amount
Balance, beginning of year	**485,681**	**$ 1,642,819**	522,207	$ 1,764,900
Purchase of common shares for cancellation	**(11,144)**	**(37,603)**	(36,180)	(122,081)
Purchase of common shares for equity compensation units	**(2,058)**	**-**	(3,239)	-
Issuance of common shares for equity compensation units	**2,557**	**-**	2,893	-
Balance, end of period	**475,036**	**$ 1,605,216**	485,681	$ 1,642,819

Shareholder returns Period ended		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		0.1502		**81,474**	33,889		**135,352**		216,826
December 31, 2025		0.1541		**77,020**	36,180		**185,281**		262,301
June 30, 2026	$	0.0800		**38,475**	11,144		**127,365**		165,840
Total			$	**335,758**	81,213	$	**447,998**	$	783,756

Normal course issuer bid

In the first quarter of 2026, Tamarack renewed its normal course issuer bid, receiving approval from the TSX to purchase up to 47.7 million common shares until January 18, 2027. During the six months ended June 30, 2026, Tamarack purchased and cancelled 11.1 million common shares at an average price of $11.43 per common share for a total repurchase cost of $127.4 million, including $2.7 million of federal taxes and fees. Tamarack de-recognized the net book value of the repurchased shares for $37.6 million, resulting in a net distribution from retained earnings of $89.8 million.

In conjunction with the Charlie Lake divestiture (Note 5), Tamarack announced its intention to increase the quarterly dividend from $0.04 per share to $0.05 per share ($0.20 annualized). On July 27, 2026, Tamarack declared the third quarter cash dividend of $0.05 per share, payable on September 30, 2026 to shareholders of record on September 15, 2026.

Treasury shares

During the six months ended June 30, 2026, the Company acquired 2.1 million common shares for $22.5 million to settle exercised share-based compensation units (year ended December 31, 2025 - 3.2 million common shares for $18.2 million). As at June 30, 2026, Tamarack held 0.7 million treasury shares (December 31, 2025 – 1.1 million).

12. Earnings per share

June 30	Three months ended				Six months ended			
		2026		**2025**		**2026**		**2025**
Net income	$	**205,676**	$	86,237	$	**211,321**	$	150,495
Weighted average shares outstanding - basic		**478,193**		503,447		**481,093**		509,346
Weighted average shares outstanding - diluted		**483,750**		508,268		**486,479**		514,244
Net income per share - basic	$	**0.43**	$	0.17	$	**0.44**	$	0.30
Net income per share - diluted	$	**0.43**	$	0.17	$	**0.43**	$	0.29

For the three and six months ended June 30, 2026, 7.1 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 (June 30, 2025 – 8.7 million).

13. Oil and natural gas sales

June 30	Three months ended				Six months ended			
		2026		**2025**		**2026**		**2025**
Heavy oil	$	**479,081**	$	281,232	$	**815,892**	$	583,014
Light oil		**107,291**		106,556		**194,489**		225,171
Natural gas		**8,707**		11,970		**20,251**		26,353
Natural gas liquids		**8,712**		8,509		**17,098**		18,017
Oil and natural gas sales	$	**603,791**	$	408,267	$	**1,047,730**	$	852,555

14. Finance expense

June 30	Notes	Three months ended				Six months ended			
			2026		**2025**		**2026**		**2025**
Senior Notes	6	$	**7,160**	$	5,425	$	**16,244**	$	10,788
Credit Facility	6		**2,996**		6,025		**5,405**		12,631
Clearwater infrastructure liability and other	8		**4,774**		4,881		**9,237**		9,577
Interest expense			**14,930**		16,331		**30,886**		32,996
Deferred borrowing costs and loan accretion	6, 8		**1,119**		2,943		**2,820**		5,470
Accretion of asset retirement obligations	10		**1,322**		1,612		**2,612**		3,232
Finance expense		$	**17,371**	$	20,886	$	**36,318**	$	41,698

15. Stock-based compensation

June 30	Notes	Three months ended 2026	Three months ended 2025	Six months ended 2026	Six months ended 2025
Equity-settled plans		**$ 4,821**	$ 3,022	**$ 8,683**	$ 6,386
Cash-settled plans	8	**14,734**	3,872	**25,777**	4,865
		19,555	6,894	**34,460**	11,251
Capitalized stock-based compensation	5	**(1,995)**	(875)	**(6,382)**	(2,451)
Stock-based compensation expense		**$ 17,560**	$ 6,019	**$ 28,078**	$ 8,800

Equity compensation unit continuity	**RSUs**	**PSUs**	**RIAs**	**PIAs**	**Stock options**	**Total**
Balance at December 31, 2025	4,132	3,176	829	4,267	95	**12,499**
Granted	1,089	1,321	215	1,669	-	**4,294**
Exercised	(1,384)	(1,078)	(393)	(1,796)	(95)	**(4,746)**
Forfeited or expired	(122)	(61)	-	-	-	**(183)**
Balance at June 30, 2026	3,715	3,358	651	4,140	-	**11,864**
Consisting of						
Equity-settled units	3,715	3,358	-	-	-	**7,073**
Cash-settled units (Note 8)	-	-	651	4,140	-	**4,791**
Units exercisable	610	553	-	-	-	**1,163**
Weighted-average remaining life	1.35	1.38	1.61	1.74	-	**1.51**

For the six months ended June 30, 2026, Tamarack granted 4.3 million stock-based awards at a weighted average fair value of $10.32 per share, which was based on the Company's share price at the date of grant. As at June 30, 2026, if all outstanding, unvested PSUs and PIAs were to vest with the maximum potential performance multiplier of 2.0, 6.2 million incremental units (or equivalent cash value) would be issued to unitholders. For the six months ended June 30, 2026, actual market and non-market performance adjustment factors on vested PSUs and PIAs averaged 1.93.

16. Supplemental cash flow

June 30	Notes	Three months ended 2026	Three months ended 2025	Six months ended 2026	Six months ended 2025
Source/(use) of cash					
Accounts receivable	4	**$ 33,279**	$ (1,059)	**$ (38,328)**	$ 2,002
Prepaid expenses and deposits		**21,963**	730	**19,551**	(16,896)
Accounts payable and accrued liabilities		**29,265**	(42,521)	**59,230**	(62,073)
Other non-cash working capital		**(2,401)**	22	**10,322**	596
Net changes per consolidated balance sheet		**$ 82,106**	$ (42,828)	**$ 50,775**	$ (76,371)
Consisting of:					
Operating activities		**$ 59,788**	$ (6,701)	**$ 21,561**	$ (42,572)
Financing activities		**$ 2,037**	$ (2,679)	**$ (4,237)**	$ 2,668
Investing activities		**$ 20,281**	$ (33,448)	**$ 33,451**	$ (36,467)

Corporate information

Board of Directors	Management Team
John Rooney [1, 3, 4] Chair of the Board	**Brian Schmidt** Founder & Chief Executive Officer
Brian Schmidt Director	**Steve Buytels** President
Caralyn Bennett [2, 4] Director	**Kevin Johnston** Chief Financial Officer
John Leach [1,2] Director	**Scott Shimek** Chief Operating Officer
Marnie Smith [1, 3] Director	**Ben Stoodley** Vice President, Engineering
Rene Amirault [1, 4] Director	**Lynne Chrumka** Vice President, Exploration
Rob Spitzer [2, 3] Director	**Rocky Baker** Vice President, Marketing and Commercial
Shannon Joseph [4] Director	**Sony Gill** Corporate Secretary
Craig Bryksa [2,3] Director	

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

Lead Bank Syndicate
National Bank of Canada
Royal Bank of Canada

Legal Counsel
Stikeman Elliott LLP

Stock Exchange
Toronto Stock Exchange - Symbol: **TVE**

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KPMG LLP

Reserve Evaluator
McDaniel & Associates Consultants Ltd.

Transfer Agent
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