*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**), or any U.S. state securities laws and may not be offered or sold within the United States unless an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".*

***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.*** *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, Finance and Chief Financial Officer of Tamarack Valley Energy Ltd. at Suite 3100, 250 - 6th Avenue S.W. Calgary, Alberta, T2P 3H7, Telephone: (403) 263-4440, and are also available electronically at www.sedar.com.*

# PRELIMINARY SHORT FORM PROSPECTUS

*New Issue* September 9, 2014

## Tamarack Valley Energy Ltd.

**$115,115,000**
**16,100,000 Subscription Receipts**
**each representing the right to receive one Common Share**

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**Price: $7.15 per Subscription Receipt**

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This short form prospectus qualifies for distribution 16,100,000 subscription receipts ("**Subscription Receipts**") of Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Corporation**") at a price of $7.15 per Subscription Receipt (the "**Offering Price**"). Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action on the part of the holder thereof, one common share of the Corporation ("**Common Shares**") upon the closing of the acquisition (the "**Acquisition**") by Tamarack Acquisition Corp., a wholly-owned subsidiary of the Corporation, of certain upstream petroleum and natural gas properties and related assets and interests located in the Wilson Creek area of Alberta owned by Suncor Energy E&P Partnership (the "**Vendor**"), an Alberta general partnership and affiliate of Suncor Energy Inc. described in more detail under *"The Acquisition"*. The gross proceeds from the sale of the Subscription Receipts (the "**Escrowed Funds**") will be held by Computershare Trust Company of Canada, as escrow agent (the "**Escrow Agent**"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending completion of the Acquisition. Closing of the Acquisition is expected to occur on or about October 15, 2014 or such other date not later than October 31, 2014. Upon receipt by the Co-Lead Underwriters (as defined herein) of a certificate from the Corporation indicating: (i) all conditions precedent to the completion of the Acquisition (except for the release of the Escrowed Funds to satisfy a portion of the Purchase Price (as defined herein)) have been satisfied in accordance with the terms of the Acquisition Agreement (as defined herein) or waived (any such waiver to be consented to by the Co-Lead Underwriters in writing, acting reasonably); and (ii) the Corporation has received all necessary regulatory and other approvals regarding the Offering (as defined herein) and the Acquisition (collectively, the "**Escrow Release Conditions**"), the Escrowed Funds and the interest thereon will be released to the Corporation or to the Vendor as directed by the Corporation. Upon closing of the Acquisition, each holder of Subscription Receipts will receive one Common Share for each Subscription Receipt held, without payment of additional consideration or further action on the part of the holder thereof. The Corporation will utilize the Escrowed Funds to pay a portion of the Purchase Price for the Acquisition. This short form prospectus also qualifies for distribution the Common Shares issuable pursuant to the Subscription Receipts distributed under this short form prospectus.

If: (i) the closing of the Acquisition does not occur by 5:00 p.m. (Calgary time) on October 31, 2014; (ii) the Acquisition is terminated in accordance with the terms of the Acquisition Agreement (as defined herein) at any earlier time; or (iii) the Corporation has advised the Underwriters (as defined herein) or the public that it does not intend to proceed with the Acquisition (in each case, the "**Termination Time**"), then holders of Subscription Receipts shall be entitled to receive an amount per Subscription Receipt equal to the Offering Price and their *pro rata* share of interest earned thereon. The Escrowed Funds will be applied towards payment of such amount. In the event that the Acquisition closes concurrently with the closing of the Offering, the Corporation will issue Common Shares, rather than Subscription Receipts, to subscribers in this Offering.

The issued and outstanding Common Shares are listed on the TSX Venture Exchange (the "**TSX-V**") under the trading symbol "TVE". The trading price of the Common Shares on September 2, 2014 on the TSX-V being the last trading price of the Common Shares prior to the announcement of the Offering, was $7.55 per Common Share. The trading price of the Common Shares on September 8, 2014 on the TSX-V, being the last trading day prior to the filing of this short form prospectus was $7.36 per Common Share. The Corporation has applied to list the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts distributed under this short form prospectus on the TSX-V. Listing of such securities will be subject to the Corporation fulfilling all of the applicable listing requirements of the TSX-V.

**There is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "*Risk Factors*".**

The terms of the Subscription Receipts offered hereunder were determined by negotiation among the Corporation and Dundee Securities Ltd. and National Bank Financial Inc., as co-lead underwriters (the "**Co-Lead Underwriters**"), on their own behalf and on behalf of Macquarie Capital Markets Canada Ltd., GMP Securities L.P., Clarus Securities Inc., Peters & Co. Limited, RBC Dominion Securities Inc. and AltaCorp Capital Inc. (collectively, together with the Co-Lead Underwriters, the "**Underwriters**").

| | Offering Price to the Public | Underwriters' Fee(1) | Net Proceeds to the Corporation(2) |
|---|---|---|---|
| Per Subscription Receipt | $7.15 | $0.3575 | $6.7925 |
| Total(3) | $115,115,000 | $5,755,750 | $109,359,250 |

**Notes:**

(1) The Underwriters' fee of 5.0% of the gross proceeds with respect to the Subscription Receipts is payable as to 50% upon the closing of the Offering and 50% upon the closing of the Acquisition. If the Termination Time occurs, then the Underwriters' fee with respect to the Subscription Receipts will be limited to the 50% paid upon closing of the Offering.

(2) Excluding interest, if any, on the Escrowed Funds and before deducting the expenses of the Offering, estimated to be $400,000, which will be paid from the general funds of the Corporation.

(3) The Corporation has granted to the Underwriters an over-allotment option (the "**Over-allotment Option**") to purchase up to an additional 2,415,000 Subscription Receipts or Common Shares ( if the Over-allotment Option is exercised after the completion of the Acquisition) representing up to 15% of the Offering at the discretion of the Underwriters at a price equal to the Offering Price, on the same terms and conditions as the Offering. The Over-allotment Option is exercisable, in whole or in part, at any time within 30 days following the closing date of the Offering to cover over-allotments, if any, and for consequential market stabilization purposes. If the Underwriters exercise the Over-allotment Option in full, the total Offering price to the public, the Underwriters' fee and net proceeds to the Corporation (before deducting expenses) will be approximately $132,382,250, $6,619,113 and $125,763,137, respectively. This short form prospectus also qualifies the grant of the Over-allotment Option and the distribution of any Subscription Receipts or Common Shares, as applicable, issued pursuant to the exercise of the Over-allotment Option. See *"Plan of Distribution"*.

The following table sets forth the number of Subscription Receipts that may be issued by the Corporation pursuant to the Over-allotment Option:

| Underwriters' Position | Maximum Number of Securities | Exercise Period/ Acquisition Date | Exercise Price |
|---|---|---|---|
| Over-allotment Option | 2,415,000 Subscription Receipts (or Common Shares, as applicable) | 30 days from closing of the Offering | $7.15 per Subscription Receipt (or Common Share, as applicable) |

A purchaser who acquires Subscription Receipts (or Common Shares, as applicable) forming part of the Underwriters' over-allocation position acquires such securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-allotment Option or secondary market purchases.

The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued by the Corporation and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters relating to the Offering on behalf of the Corporation by Osler, Hoskin & Harcourt LLP and on behalf of the Underwriters by McCarthy Tétrault LLP. The Subscription Receipts shall be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the final short form prospectus.

Pursuant to the terms and conditions contained in the underwriting agreement dated effective September 3, 2014 between the Corporation and the Underwriters (the "**Underwriting Agreement**"), the Underwriters have agreed to purchase as principals, on a bought deal basis, in the respective percentages' set forth in the Underwriting Agreement, the Subscription Receipts (or Common Shares, as applicable) from the Corporation and the Corporation has agreed to issue and sell to the Underwriters all but not less than all of the Subscription Receipts (or Common Shares, as applicable).

**The Underwriters propose to offer the Subscription Receipts initially at the Offering Price. After a reasonable effort has been made to sell all the Subscription Receipts at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Subscription Receipts remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See *"Plan of Distribution"*.**

**National Bank Financial Inc. ("NBF") and RBC Dominion Securities Inc. ("RBC"), two of the Underwriters, are subsidiaries or affiliates of Canadian chartered banks that are lenders ("Lenders") to Tamarack under the Credit Facility (as defined herein). In addition, ATB Financial is a minority shareholder of AltaCorp Capital Inc. ("AltaCorp"), one of the Underwriters. ATB Financial is a provincially regulated financial institution and is one of the Lenders under the Credit Facility. Tamarack is presently indebted to the Lenders. The Corporation will be replacing the Credit Facility with the New Facilities (as defined herein) by the end of September or early October 2014. The Purchase Price of the Acquisition will be funded through a combination of the net proceeds of the Offering, drawing down additional bank debt under the New Facilities and/or the temporary Bridge Facility (as defined herein) which will be eliminated upon closing of the Acquisition. Consequently, Tamarack may be considered to be a "connected issuer" to each of NBF, RBC and AltaCorp under applicable Canadian securities laws. See "*Use of Proceeds*" and "*Relationship Between Tamarack and Certain Underwriters*".**

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about September 26, 2014 (the "**Closing Date**") or such other date as mutually agreed upon by the Underwriters and the Corporation. Except in certain limited circumstances: (i) Subscription Receipts will be represented by a global certificate issued and deposited in electronic form with CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee pursuant to the book-based system administered by CDS; (ii) no certificates evidencing Subscription Receipts will be issued to subscribers for Subscription Receipts; and (iii) subscribers for Subscription Receipts will receive only a customer confirmation from the Underwriters or another registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts is purchased. Subscribers who are not issued a certificate evidencing the Subscription Receipts (or Common Shares, as applicable) which are subscribed for by them at closing are entitled under the *Business Corporations* Act (Alberta) (the "**ABCA**") to request that a certificate be issued in their name. Such a request will need to be made through the CDS participant through whom the beneficial interest in the securities is held at the time of the request. See *"Description of Subscription Receipts"*. Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Subscription Receipts or the Common Shares at levels other than those which otherwise might prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See *"Plan of Distribution"*.

**An investment in the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts should be considered highly speculative due to various factors, including the nature of the Corporation's business. The Corporation's business is subject to certain risks relating to the Acquisition such as the possible failure to complete the Acquisition, the possible failure to realize the anticipated benefits of the Acquisition, any additional indebtedness incurred in connection with the Acquisition and the risks normally encountered in the oil and natural gas industry such as the marketability of oil and natural gas, competition with companies having greater resources, acquisition, exploration and production risks, need for capital, fluctuations in the market price and demand for oil and natural gas and the regulation of the oil and natural gas industry by various levels of government. The oil and natural gas reserves, recovery and production information contained herein and incorporated by reference in this short form prospectus are estimates only and the actual production and ultimate reserves recovered from the Corporation's properties or the Acquired Assets (as defined herein) may be greater or less than the estimates contained in this short form prospectus. The success of the Acquisition and other acquisitions by the Corporation and further exploration or development projects cannot be assured. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. Prospective investors should carefully consider the risk factors described in this short form prospectus under "*Risk Factors*" and "*Advisories – Forward-Looking Statements*", as well as the risk factors contained in the annual information form of the Corporation dated March 13, 2014 for the year ended December 31, 2013 and in the Corporation's management's discussion and analyses, incorporated by reference in this short form prospectus.**

Mr. Floyd Price, a director of the Corporation resides outside of Canada. Mr. Price has appointed Osler, Hoskin & Harcourt LLP, Suite 2500, TransCanada Tower, 450 - 1st Street S.W. Calgary, Alberta T2P 5H1 as his agent for service of process in Alberta. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against a person that resides outside of Canada, even if the party has appointed an agent for service of process.

Investors should rely only on the information contained in this short form prospectus and the documents incorporated by reference herein. The Corporation has not authorized anyone to provide investors with different information. The Corporation is not offering the Subscription Receipts (or Common Shares, as applicable) in any jurisdiction in which the Offering is not permitted. Investors should not assume that the information contained in this short form prospectus is accurate as of any date other than the date of this short form prospectus. Subject to the Corporation's obligations under applicable securities laws, the information contained in this short form prospectus is accurate only as of the date of this short form prospectus regardless of the time of delivery of this short form prospectus or of any sale of the Subscription Receipts.

The Corporation's head office is located at Suite 3100, 250 – 6th Avenue S.W. Calgary, Alberta, T2P 3H7 and its registered office is located at Suite 2500, 450 – 1st Street S.W., Calgary, Alberta, T2P 5H1.

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## DEFINITIONS

Unless the context indicates otherwise, the following terms shall have the meanings set out below when used in this short form prospectus.

**"2014 Information Circular"** means the management information circular of the Corporation dated May 1, 2014 in respect of the annual and special meeting of shareholders of the Corporation held on June 2, 2014;

**"ABCA"** means the *Business Corporations Act* (Alberta);

**"Acquired Assets"** means the upstream petroleum and natural gas properties and related assets and interests to be acquired by the Corporation pursuant to the Acquisition Agreement, described in more detail under "*Information Concerning the Acquired Assets*";

**"Acquisition"** means the acquisition by the Corporation of the Acquired Assets from the Vendor pursuant to the Acquisition Agreement;

**"Acquisition Agreement"** means the purchase and sale agreement respecting the Acquired Assets dated September 3, 2014 between the Vendor and the Purchaser;

**"AIF"** means the annual information form of the Corporation for the year ended December 31, 2013 dated March 13, 2014;

**"Board of Directors"** or **"Board"** means the board of directors of the Corporation;

**"Bridge Facility"** means a $110,000,000 non-revolving bridge facility which will be used to satisfy a portion of the Purchase Price;

**"Business Day"** means a day, other than a Saturday or Sunday, or a statutory holiday, on which major Canadian chartered banks are open for business in Calgary, Alberta;

**"CDS"** means CDS Clearing and Depository Services Inc.;

**"Closing Date"** means the date of closing of the Offering, which is expected to be September 26, 2014 or such other date as mutually agreed upon by the Underwriters and the Corporation;

**"COGE Handbook"** means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

**"Co-Lead Underwriters"** means Dundee and NBF;

**"Common Shares"** means common shares in the capital of the Corporation;

**"Corporation"** or **"Tamarack"** means Tamarack Valley Energy Ltd.;

**"CRA"** means the Canada Revenue Agency;

**"Credit Facility"** means the existing credit facility of the Corporation with a syndicate of Canadian chartered banks, consisting of a revolving credit facility in the amount of $100,000,000 and a $10,000,000 operating facility;

**"Dundee"** means Dundee Securities Ltd.;

**"Escrow Agent"** means Computershare Trust Company of Canada;

**"Escrowed Funds"** means the gross proceeds from the sale of the Subscription Receipts;

"**Escrow Release Conditions**" has the meaning ascribed thereto on page (i) of the cover page of this short form prospectus;

**"February Offering"** means the bought deal financing of the Corporation completed on February 19, 2014 of 14,000,000 Common Shares for aggregate gross proceeds of $60,200,000;

**"Flow-Through Shares"** mean the Common Shares to be issued pursuant to the Private Placement on a "flow-through" basis pursuant to which subscribers for such shares will be entitled to receive renunciations of amounts qualifying as "Canadian development expense" (as defined in the Tax Act) in amounts equal to the aggregate subscription price of such shares;

**"gross"** means: (a) in relation to the Corporation's or the Vendor's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation or the Vendor; (b) in relation to wells, the total number of wells in which the Corporation or the Vendor have an interest; and (c) in relation to properties, the total area of properties in which the Corporation or the Vendor have an interest;

**"IFRS"** means International Financial Reporting Standards as issued by the International Accounting Standards Board;

"**Lenders**" has the meaning ascribed thereto on page (iii) of the cover page of this short form prospectus;

**"NBF"** means National Bank Financial Inc.;

**"New Facilities"** means the credit facilities consisting of a $140,000,000 revolving facility and a $10,000,000 revolving operating facility, to be established by the end of September or early October 2014, which facilities will replace the Credit Facility;

**"NI 51-101"** means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*;

**"net"** means: (a) in relation to the Corporation's or the Vendor's interest in production or reserves, the Corporation's or the Vendor's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Corporation's or the Vendor's royalty interests in those production or reserves; (b) in relation to the Corporation's or the Vendor's interest in wells, the number of wells obtained by aggregating the Corporation's or the Vendor's, as applicable, working interest in each of its gross wells; and (c) in relation to the Corporation's or the Vendor's interest in a property, the total area in which the Corporation or the Vendor have an interest multiplied by the working interest owned by the Corporation or the Vendor, as applicable;

**"Offering"** means the offering of 16,100,000 Subscription Receipts and any Subscription Receipts (or Common Shares, as applicable) issued pursuant to the exercise of the Over-allotment Option pursuant to this short form prospectus;

**"Over-allotment Option"** means the over-allotment option granted by the Corporation to the Underwriters to purchase up to 2,415,000 Subscription Receipts (or Common Shares, as applicable if the Over-allotment Option is exercised after the completion of the Acquisition) at the Offering Price for a period of 30 days following the closing of the Offering;

**"Private Placement"** means the proposed private placement by Tamarack of 1,280,000 Flow-Through Shares at a price of $7.85 per Flow-Through Share to certain subscribers;

**"Purchase Price"** means the purchase price for the Acquired Assets consisting of the base price of approximately $168,500,000, subject to certain working capital and other closing adjustments and on an account of ROFRs that may be exercised pursuant to the Acquisition Agreement;

**"Purchaser"** means Tamarack Acquisition Corp., a wholly-owned subsidiary of the Corporation, and the purchaser of the Acquired Assets pursuant to the Acquisition Agreement;

**"qualified reserves evaluator"** means an individual who: (a) in respect of particular reserves data, resources or related information, possesses professional qualifications and experience appropriate for the estimation, evaluation and review of the reserves data, resources and related information; and (b) is a member in good standing of a professional organization;

**"ROFR"** means right of first refusal;

**"ROFR Assets"** means those producing and non-producing oil and natural gas properties and related assets and interests held by the Vendor subject to ROFRs described in more detail under "*The Acquisition – The Acquisition Agreement*" and "*Information Concerning the Acquired Assets*";

**"Securities"** means collectively, the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts;

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators;

**"Shareholder"** means a holder of Common Shares;

**"Subscription Receipt Agreement"** means the agreement to be dated the date of the closing of the Offering among the Corporation, the Co-Lead Underwriters and the Escrow Agent, governing the terms of the Subscription Receipts;

**"Subscription Receipts"** means the subscription receipts of the Corporation offered by this short form prospectus;

**"Sure Energy"** means Sure Energy Inc.;

**"Tamarack Internal Reserves Estimate"** means the internal engineering evaluation prepared by the Corporation's internal qualified reserves evaluator evaluating the oil and natural gas reserves attributable to the Acquired Assets dated August 15, 2014 and effective June 30, 2014;

**"Tax Act"** means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.) as amended, including the regulations promulgated thereunder, as amended from time to time;

**"Termination Time"** has the meaning ascribed thereto on page (ii) of the cover page of this short form prospectus;

**"TSX-V"** means the TSX Venture Exchange;

**"Underwriters"** means, collectively, the Co-Lead Underwriters, Macquarie Capital Markets Canada Ltd., GMP Securities L.P., Clarus Securities Inc., Peters & Co. Limited, RBC Dominion Securities Inc. and AltaCorp Capital Inc.;

**"Underwriting Agreement"** means the agreement dated effective as of September 3, 2014 among the Corporation and the Underwriters in respect of the Offering;

**"United States"** or **"U.S."** means the United States of America, it territories and possessions, any state of the United States, and the District of Columbia; and

**"Vendor"** means Suncor Energy E&P Partnership, an Alberta general partnership, with Suncor Energy Inc. as general partner.

## ABBREVIATIONS

In this short form prospectus and in certain documents incorporated herein by reference, the abbreviations set forth below have the following meanings:

| | Oil and Natural Gas Liquids | | Natural Gas |
|---|---|---|---|
| Bbl | barrel | Mcf | thousand cubic feet |
| MBbls | thousand barrels | MMcf | million cubic feet |
| MMBbls | million barrels | Mcf/d | thousand cubic feet per day |
| Bbls/d | barrels per day | MMcf/d | million cubic feet per day |
| NGLs | natural gas liquids | MMBTU | million British Thermal Units |
| | | Bcf | billion cubic feet |
| | | GJ | gigajoule |

**Other**

| | |
|---|---|
| AECO | the natural gas delivery point in southeast Alberta |
| API | American Petroleum Institute |
| °API | an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil |
| Boe | barrel of oil equivalent on the basis of one Boe to six Mcf of natural gas. Boes may be misleading, particularly if used in isolation. A Boe conversion ratio of one Boe for six Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead |
| Boe/d | barrel of oil equivalent per day |
| CBM | coal bed methane |
| $CO_2$ | carbon dioxide |
| $m^3$ | cubic metres |
| MBoe | 1,000 barrels of oil equivalent |
| MMBoe | million barrels of oil equivalent |
| MM$ | millions of dollars |
| $000s or M$ | thousands of dollars |
| WTI | West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade |

## CONVENTIONS

Certain terms used herein are defined under "*Definitions*". Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101.

Words importing the singular number include the plural and vice versa, and words importing any gender include all genders. All dollar amounts set forth in this short form prospectus and in the documents incorporated by reference herein are in Canadian dollars unless otherwise indicated. All financial information in this short form prospectus and in the documents incorporated by reference herein has been presented in accordance with Canadian generally accepted accounting principles applicable to public companies at the relevant time, which for certainty, for financial years beginning on or after January 1, 2011, is IFRS applicable to publicly accountable enterprises.

**All oil and natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of six to one, utilizing a conversion on a six to one basis may be misleading as an indication of value.**

## ADVISORIES

### General

An investor should read this entire short form prospectus and the documents incorporated by reference herein and consult the investor's own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment in the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts offered under this short form prospectus. An investor should rely only on the information contained in this short form prospectus and the documents incorporated by reference herein and is not entitled to rely on parts of the information contained in this short form prospectus or the documents incorporated by reference herein to the exclusion of other parts. The Corporation has not, and the Underwriters have not, authorized anyone to provide investors with additional or different information. If anyone provides an investor with additional, different or inconsistent information, including statements in the media about the Corporation, the investor should not rely on it.

The Corporation is not, and the Underwriters are not, offering to sell the Subscription Receipts (or Common Shares, as applicable) offered under this short form prospectus in any jurisdictions where the offer or sale is not permitted. The information contained in this short form prospectus and the documents incorporated by reference herein is accurate only as of the date of this short form prospectus or the particular document incorporated by reference herein, regardless of the time of delivery of this short form prospectus or any sale of such Subscription Receipts (or Common Shares, as applicable).

Neither the Corporation nor any of the Underwriters have done anything that would permit the Offering, or possession or distribution of this short form prospectus, in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe, any restrictions relating to the Offering and the distribution of this short form prospectus.

**Forward-Looking Statements**

Certain statements contained in this short form prospectus and in certain documents incorporated by reference into this short form prospectus constitute forward-looking statements. These statements relate to future events or the Corporation's future plans and performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "potential", "intend", "could", "might", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this short form prospectus should not be unduly relied upon.

In particular, this short form prospectus, and the documents incorporated by reference herein contain forward-looking statements pertaining to the following:

- the use of proceeds from the Offering and the Private Placement;
- the completion of the Offering, the Private Placement and the Acquisition;
- the expected Closing Date and the expected closing date of the Acquisition and the Private Placement;
- the Corporation's operational and financial guidance for 2014 and 2015;
- the performance characteristics of the Corporation's oil and natural gas properties;
- the ability of the Corporation to achieve drilling success consistent with management's expectations;
- the estimated purchase price for the Acquired Assets including whether any third parties exercise ROFRs with respect to the Acquired Assets and the total ROFR Assets;
- the replacement of the Credit Facility with the New Facilities and the elimination of the temporary Bridge Facility, which will be used to satisfy a portion of the Purchase Price;

- the source of funding for the Corporation's activities including development costs;
- oil and natural gas production levels;
- drilling plans and timing of drilling;
- capital expenditure programs and the timing and method of financing thereof;
- the size of the Corporation's oil and natural gas reserves and resources;
- quantity of the Corporation's existing reserves and the reserves associated with the Acquired Assets;
- supply of, and demand for, oil and natural gas;
- production levels of the Corporation's assets and the Acquired Assets;
- expectations with respect to free cash flow relating to the Acquired Assets;
- expectations with respect to future cash flow, net debt, and other financial results;
- recovery factors;
- reserve life indexes;
- the Corporation's ability to attract and retain qualified personnel;
- expectations regarding the ability to raise capital periodically and to continually add to reserves through acquisitions, exploration and development;
- the timing of the distribution of the Subscription Receipts (or Common Shares, as applicable) pursuant to the Offering;
- the expected impact and benefits on the Corporation of the acquisition of assets, including the Acquisition;
- the impact of the Acquisition on the Corporation's operations, infrastructure, reserves, inventory and opportunities, financial condition, access to capital and overall strategy;
- development and drilling plans for the Acquired Assets and transportation and infrastructure availability for such assets;
- the performance characteristics of the Corporation's oil and natural gas properties and for the Acquired Assets;
- expected levels of royalty rates, development costs, operating costs, general and administrative costs, costs of services and other costs and expenses;
- projections of market prices and costs, and exchange and inflation rates; and
- treatment under governmental regulatory regimes and tax laws.

These forward-looking statements reflect management's current views and are based on certain assumptions, including assumptions as to future economic conditions and courses of action, as well as other factors that management believes are appropriate in the circumstances. Such forward-looking statements are subject to risks and uncertainties and no assurance can be made that any of the events anticipated by such statements will occur or, if they do occur, what benefit the Corporation will derive from them. The Corporation has made assumptions regarding, among other things:

- the ability of the Corporation to achieve drilling success consistent with management's expectations;
- the timing and cost of pipeline and facility construction and expansion and the ability of the Corporation to secure adequate product transportation;
- the ability to gain access to plant processing capacity and fractionation capacity;
- the ability of the Corporation to secure equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its activities;
- the successful completion of the Acquisition, the Offering and the Private Placement;
- the timely receipt of required regulatory approval for the Acquisition and the satisfaction of other closing conditions in all material respects in accordance with the terms of the Acquisition Agreement;
- the timely receipt of required regulatory approvals for the Offering and the Private Placement and that no event will occur that would trigger termination rights under the Underwriting Agreement;
- initial production levels of the Acquired Assets;
- future production levels of the Corporation's assets, including the Acquired Assets;
- fluctuations in depletion, depreciation, and accretion rates;
- the ability of the Corporation to market its oil and natural gas and to transport its oil and natural gas to market;
- the ability of the Corporation to obtain capital to finance its exploration, development and operations;
- the ability of the Corporation to replace the Credit Facility with the New Facilities;
- future oil and natural gas prices;
- expected changes in regulatory regimes in respect of royalty curves and regulatory improvements and the effects of such changes; and
- the Corporation's business and acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom.

Statements relating to "reserves" and "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

The actual results, performance or achievements of the Corporation could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this short form prospectus, and in certain documents incorporated by reference herein, but are not limited to:

- failure to complete the Offering, the Private Placement and the Acquisition in all material respects in accordance with the Underwriting Agreement or the Acquisition Agreement, respectively, or at all;

- failure to realize anticipated benefits of the Acquisition;
- volatility in market prices for oil and natural gas and foreign exchange rates;
- lack of transportation and inability to produce oil and natural gas reserves and resources;
- unforeseen difficulties in integrating the Acquired Assets into the Corporation's operations;
- adverse regulatory rulings, orders and decisions;
- uncertainties associated with estimating oil and natural gas reserves and resources;
- operational risks and liabilities inherent in oil and natural gas operations;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands, skilled personnel and access to services;
- fluctuation in foreign exchange or interest rates;
- incorrect assessments of the value of benefits to be obtained from acquisitions and exploration and development programs (including the Acquisition);
- stock market volatility and market valuations;
- the risks of the oil and gas industry both domestically and internationally, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand;
- geological, technical, drilling and processing problems and other difficulties in producing reserves and resources;
- the failure to obtain industry partner and other third party consents and approvals, as and when required;
- changes in general economic, market and business conditions;
- political or economic developments;
- the availability of capital on acceptable terms, bank financing, including the increased level of debt being incurred by the Corporation as a result of the Acquisition;
- fluctuations in the costs of borrowing;
- the accuracy of oil and gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates;
- ability to obtain regulatory approvals;
- the results of litigation or regulatory proceedings that may be brought against the Corporation;
- actions by governmental or regulatory authorities including changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and
- other factors, many of which are beyond the control of Tamarack, including those factors identified under the heading "*Risk Factors*" in this short form prospectus, in the AIF and in the Corporation's management's discussion and analyses incorporated by reference herein.

Future-oriented financial information and financial outlook information (collectively, "**FOFI**") contained in this short form prospectus and certain documents incorporated by reference into this short form prospectus about prospective results of operations, financial position or cash flows are based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. FOFI contained in this short form prospectus was made as of the date of this short form prospectus and was provided for the purpose of describing the anticipated effects of the Offering and the Acquisition on the Corporation's business operations. The Corporation disclaims any intention or obligations to update or revise any FOFI contained in this short form prospectus, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this short form prospectus and certain documents incorporated by reference into this short form prospectus should not be used for purposes other than for which it is disclosed herein or therein, as applicable. The Corporation has included the above summary of assumptions and risks related to forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein in order to provide potential purchasers of the Subscription Receipts (or Common Shares, as applicable) with a more complete perspective on the Corporation's current and future operations.

**Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Readers are also cautioned that the list of factors above and the risk factors set forth under the heading "*Risk Factors*" and in the documents incorporated by reference herein are not exhaustive. Before placing any reliance on any forward-looking statements to make decisions with respect to an investment in securities of the Corporation, prospective investors and others should carefully consider the factors identified above and other risks, uncertainties and potential changes that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In addition, the forward-looking statements contained in this short form prospectus or in any of the documents incorporated by reference herein are made as of the date of the respective document. Neither the Corporation nor any of the Underwriters undertake any obligation to publicly update or to revise any forward-looking statements except as expressly required by applicable securities laws. The forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein are expressly qualified by this cautionary statement. Readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this short form prospectus.**

## NON-IFRS AND ADDITIONAL IFRS MEASURES

In this short form prospectus and in certain documents incorporated by reference herein, there are references to terms which are not recognized measures under IFRS and therefore may not be comparable with the calculation of similar measures for other entities. This short form prospectus and certain documents incorporated by reference herein contains "funds from operations" which is an additional IFRS measure presented in the annual and condensed consolidated interim financial statements. Tamarack uses funds from operations as a key measure to demonstrate Tamarack's ability to generate funds to repay debt and fund future capital investment. This short form prospectus and certain documents incorporated by reference herein also contain the terms "net debt" and "netbacks" which are non-IFRS financial measures. Tamarack uses these measures to help evaluate its performance. These non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Tamarack uses net debt (bank debt net of working capital and excluding fair value of financial instruments) as an alternative measure of outstanding debt. Tamarack considers corporate netbacks a key measure as it demonstrates its profitability relative to current commodity prices. Netbacks, which have no IFRS equivalent, are calculated on a barrel of oil equivalent basis by deducting royalties and operating costs from petroleum and natural gas sales including realized gains and losses on commodity derivative contracts.

For more information, see Tamarack's management's discussion and analysis of financial results for the year ended December 31, 2013 and management's discussion and analysis of financial results for the three and six months ended June 30, 2014, each of which are incorporated herein by reference.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, Finance and Chief Financial Officer of the Corporation at Suite 3100, 250 – 6th Avenue S.W. Calgary, Alberta, T2P 3H7, Telephone: (403) 263-4440. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the System for Electronic Document Analysis and Retrieval ("**SEDAR**") website at www.sedar.com.

The following documents of the Corporation, which have been filed with Canadian securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

(a) the AIF;

(b) audited consolidated annual financial statements as at and for the years ended December 31, 2013 and 2012, together with the notes thereto and the auditor's report thereon;

(c) management's discussion and analysis of financial results of Tamarack for the years ended December 31, 2013 and 2012;

(d) management information circular of Tamarack dated May 17, 2013 relating to the annual and special meeting of Shareholders held on June 13, 2013;

(e) the 2014 Information Circular;

(f) unaudited condensed consolidated interim financial statements of Tamarack as at June 30, 2014 and for the three and six months ended June 30, 2014 and 2013, together with the notes thereto;

(g) management's discussion and analysis of financial results for the three and six months ended June 30, 2014 and 2013;

(h) the material change report of the Corporation dated February 26, 2014 in respect of the February Offering;

(i) the business acquisition report of the Corporation dated November 1, 2013 in respect of the Corporation's acquisition of all of the issued and outstanding common shares in the capital of Sure Energy pursuant to a court-approved plan of arrangement under Section 193 of the ABCA involving Tamarack, Sure Energy and 1767001 Alberta Ltd., a wholly-owned subsidiary of Tamarack (the "**Sure Energy BAR**"); and

(j) the "template version" (as such term is defined in National Instrument 41-101 − *General Prospectus Requirements*) of the term sheet for the Offering dated and filed September 3, 2014.

Any document of the type referred to in the preceding paragraph or required to be incorporated by reference herein under National Instrument 44-101 - *Short Form Prospectus Distributions* ("**NI 44-101**") including any material change reports (excluding confidential material change reports), consolidated interim financial statements, consolidated annual financial statements and the auditor's report thereon, information circulars, annual information forms, marketing materials and business acquisition reports filed by the Corporation with the applicable securities commissions or similar authorities in the provinces and territories of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference into this short form prospectus.

**Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short**

**form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.**

**Information contained or otherwise accessed through Tamarack's website, www.tamarackvalley.ca or any website, other than those documents incorporated by reference herein and filed on the SEDAR website, does not form part of this Offering.**

## MARKETING MATERIALS

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that has been, or will be, filed on SEDAR before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated into this short form prospectus. Any template version of any marketing materials that are utilized by the Underwriters in connection with the Offering are not part of this short form prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this short form prospectus.

## THE CORPORATION

Tamarack is a junior oil and natural gas company engaged in the exploration for, and the acquisition, development and production of, petroleum and natural gas reserves within Western Canada.

The business objective of Tamarack is to be a leading junior oil and natural gas company focused on the acquisition of, exploration for, and development of, petroleum and natural gas properties in Western Canada. Tamarack will attempt to provide growth for its shareholders by identifying, securing and developing high quality assets within the Western Canadian Sedimentary Basin and by executing a technically disciplined, full cycle approach to oil and natural gas exploration.

Tamarack's current focus has been on the acquisition of properties in Alberta and Saskatchewan. Tamarack employs a specific resource play screening criteria to identify and evaluate prospective areas for repeatability, scope, large original oil or gas-in-place per section, which usually suggests substantial reserves, and long life opportunities. These resource play targets can involve conventional or unconventional production methods. The Corporation eventually plans to control substantial assets in at least four resource plays of which two plays are currently in development drilling stages, one is being evaluated for size and scope and the other is yet to be de-risked. The Corporation uses its economic modeling methods to be able to identify 40-60% initial well chance of success to allow the Corporation to be an early entrant in potentially impactful resources plays . Tamarack will expand its current inventory of opportunities through crown land acquisitions and farm-ins on competitors' lands and anticipates that it will have the financial capacity to expand its current capital budget if new opportunities are acquired.

Tamarack plans to evaluate new opportunities by following a disciplined methodology of integrating technical information with expected economic outcomes and risking the resulting expected economic value of each opportunity according to the existing producing analogs in a particular area. Tamarack believes that this disciplined approach, which includes assessing the potential of the opportunity and the ability of its professional staff to properly evaluate and manage the project, will yield more consistent exploration results over the longer term. In addition, management of Tamarack may pursue assets and/or corporate acquisitions and may undertake divestitures of some of its non-core assets where opportunities exist to enhance the overall value of Tamarack.

Further details concerning the Corporation, including information with respect to the Corporation's assets, operations and history, are provided in the AIF and other documents incorporated by reference into this short form prospectus. Readers are encouraged to thoroughly review these documents as they contain important information about the Corporation.

The Corporation is a "reporting issuer" or the equivalent in each of the provinces of Canada. The Common Shares trade on the TSX-V under the symbol "TVE".

The head office of the Corporation is located at Suite 3100, 250 – 6th Avenue S.W. Calgary, Alberta, T2P 3H7. The registered office of the Corporation is located at Suite 2500, 450 – 1st Street S.W., Calgary, Alberta, T2P 5H1.

## RECENT DEVELOPMENTS

### Concurrent Private Placement

Concurrent with the Offering, Tamarack has agreed to complete the Private Placement on a bought deal basis of 1,280,000 Flow-Through Shares to certain subscribers at a price of $7.85 per Flow-Through Share for aggregate gross proceeds of $10,048,000. The Underwriters will also act as underwriters of the Private Placement and shall receive a commission of 5% of the gross proceeds of the Private Placement, or approximately $502,400. The net proceeds of the Private Placement will be used to incur and renounce Canadian development expenses pursuant to the Tax Act. Completion of the Private Placement is subject to certain conditions, including TSX-V approval and is expected to occur concurrently with the Offering, being on or about September 26, 2014.

The Corporation has applied to list the Flow-Through Shares on the TSX-V. The Flow-Through Shares will be subject to a four month hold period. Listing will be subject to the Corporation fulfilling all of the applicable listing requirements of the TSX-V.

### Operational Update

*Production*

On June 2, 2014, Tamarack announced an update on its 2014 drilling program and announced that estimated daily production averaged 5,850 boe/d during the last seven days of May 2014.

*Cardium Operations Update*

During the first half of 2014, Tamarack announced that it had drilled nine (6.3 net) Cardium wells in the Garrington and greater Pembina area of Alberta. All nine wells were fracture stimulated and were on production by the end of July 2014. Tamarack also drilled two one-mile wells in the Blue Rapids area and two one-mile wells in the Wilson Creek area. All four wells were on production by the end of August 2014. Tamarack will be participating in the drilling of four (two net) Cardium wells in the Wilson Creek area from the same pad. This program is expected to commence in late September 2014 or early October 2014.

Based on results of the first 11 wells drilled in the Cardium farm-in area, Tamarack was achieving 19-25% higher production rates during the first 120 days of production than was originally budgeted. These higher production rates offset 296 boe/d of average production during the first half of 2014 that was shut-in due to various facility curtailments or restrictions and unscheduled third party facility downtime.

Tamarack also announced that it had continued to consolidate working interests in the greater Pembina area. It had entered into agreements to secure another 3.5 net sections of undeveloped land in addition to the eight sections of land added through multiple transactions during Q1 2014. Tamarack has added a total of 28.8 net Cardium drilling locations bringing the total to 181.5 net low risk horizontal Cardium inventory, in addition to 188 net horizontal Viking oil locations across its 211,408 net undeveloped acres. The 28.8 net new Cardium locations more than replaced this year's Cardium horizontal drilling activity.

*Viking Operations Update*

On June 2, 2014, Tamarack announced that it will be completing its largest ever Viking oil drilling program almost one full quarter ahead of expectations. In all, 16 (14.0 net) Viking oil wells were drilled with 12 (11.7 net) wells on production by the end of June 2014. The remaining 4 (2.3 net) wells were brought on production by the middle of August 2014.

Tamarack also announced that based on the first 7 wells of the 16 well program, it expects to achieve approximately 40-50% higher rates on average per well during the first 120 days of production than was originally budgeted. It is anticipated that some of this benefit will result from including production from the three one-mile wells, the improvements to the fracture stimulation design and the higher rock quality that the Corporation had focused this drilling program on.

**Update on Corporation's Credit Facilities**

On August 7, 2014, the Corporation entered into the Credit Facility in order to syndicate and increase the facilities available to the Corporation from $108,000,000 to $110,000,000. The Credit Facility is anticipated to be replaced with the New Facilities by the end of September 2014 or early October 2014 pursuant to which such facilities and/or the Bridge Facility will be drawn down to pay a portion of the Purchase Price. The Bridge Facility will be eliminated upon closing of the Acquisition. See Note (5) to the table under "*Consolidated Capitalization*".

**Guidance**

*Revised 2014 Guidance*

On August 11, 2014, Tamarack announced that with the success of its first half drilling program, well results being ahead of budget, and the strength of cash flow the Corporation had increased the 2014 capital program by $24,000,000 to $116,000,000 resulting in a 12% increase to exit guidance and a 6% increase to the second half 2014 production guidance.

Tamarack's second quarter was a result of a successful first half drilling program which saw the Corporation drill 10 net Cardium oil wells, 14 net Viking oil wells and 4 net heavy oil wells. During the first half of the year, Tamarack's production averaged 4,696 boe/d, in-line with first half 2014 guidance of 4,700 boe/d, despite having an average of 296 boe/d of production shut-in due to facility curtailments or restrictions and unscheduled third party facility downtime. Production rates benefited from Cardium and Viking results that exceeded budget expectations. Additionally, due to favorable spring break up conditions, Tamarack was able to accelerate its planned second half drilling program without increasing the costs on a per well basis.

Tamarack announced that the increase of the 2014 capital budget to $116,000,000 from $90,000,000 - $92,000,000 resulted in the following guidance revisions: (a) second half of 2014 estimated production rate increased to 6,624 boe/d (approximately 59-61% liquids) from 6,250 boe/d; (b) 2014 estimated average production rate increased to 5,500 to 5,700 boe/d (approximately 59-61% liquids) from 5,300 to 5,500 boe/d; (c) 2014 estimated exit production rate of between 7,300 to 7,500 boe/d (approximately 58-61% liquids) from 6,500 to 6,700 boe/d; (d) 2014 estimate for cash flow from operations of between $74,000,000 to $77,000,000, assuming a second half of 2014 Edmonton par price average of $91.50/bbl and AECO average of $4.00/GJ; and (e) estimated 2014 year end debt to annualized Q4 2014 cash flow from operations of less than 0.9 times.

*Preliminary 2015 Guidance*

On September 3, 2014, Tamarack announced that it anticipates the Acquired Assets will be able to generate free cash flow by the end of Q3 2015, enabling it to further accelerate drilling on the Cardium farm-in opportunity it entered into with an industry major in August 2013. Tamarack announced the following preliminary 2015 guidance: (a) 2015 capital expenditure budget of approximately $170 to $180 million; (b) 2015 estimated average production rate of between 11,500 to 12,000 boe/d (approximately 55-60% oil & NGLs); (c) 2015 estimated exit production rate of between 14,000 to 14,500 boe/d (approximately 55-60% oil & NGLs); (d) 2015 estimated cash flow from operations of between $140 to $150 million, assuming a 2015 Edmonton par price average of $89.00/bbl and AECO price average of $3.57/GJ; and (e) estimated 2015 year end debt to annualized Q4 2015 funds flow from operations of approximately 1.0 times.

Tamarack announced that it intends to bring on two to three rigs in the Wilson Creek area and spud 6 net 1-mile horizontal Cardium oil wells by year end 2014. The Corporation's 2014 exit production rate of 9,500 boe/d assumes 3 of these wells are on production. Tamarack expects to finalize its 2015 budget by the end of November 2014.

## THE ACQUISITION

### General

On September 3, 2014, the Purchaser, a wholly-owned subsidiary of Tamarack, entered into the Acquisition Agreement with the Vendor to acquire the Acquired Assets for the Purchase Price, being approximately $168,500,000, subject to certain working capital and other customary closing adjustments and on account of exercised ROFRs. There are two ROFRs applicable to the Wilson Creek Pekisko Unit that, if exercised, would not have any material impact on the Acquisition. Subject to approval under the *Competition Act* (Canada), the Acquisition is expected to close on or about October 15, 2014 or such other date as the Corporation and the Vendor may agree to in writing and no later than October 31, 2014. The Acquisition will have an effective date of July 1, 2014.

### Benefits of the Acquisition

The Acquisition is highly accretive to Tamarack and further complements the Corporation's strategic Cardium focused land position in the Wilson Creek area, where the Corporation has achieved some of the highest production rates in the area. The Acquisition is consistent with Tamarack's previously communicated portfolio strategy focused on sustainable, predictable and reliable oil focused assets while maintaining a healthy balance sheet that provides Tamarack's management the flexibility to deliver efficient growth to shareholders through technical and operational expertise.

Anticipated benefits and upside potential associated with the Acquisition include:

- consolidates a sizeable and contiguous land base within Tamarack's existing prolific Wilson Creek area, where the Corporation has achieved area leading average 30-day initial production and 150-day initial production Cardium results of 390 boe/d (74% oil & NGLs) and 286 boe/d (74% oil & NGLs), respectively (based on calendar day averages);

- Tamarack's two longest producing wells at Wilson Creek have exceeded industry offsets by approximately 2.4 times over their first 180 days on production;

- Tamarack forecasts increasing production from 6,000 boe/d (Q2 2014 exit rate) to a 2015 average production rate in excess of 11,500 boe/d;

- Tamarack is increasing 2014 exit guidance by approximately 30% to 9,500 boe/d (60% oil & NGLs) on stronger than budgeted results and the Acquisition; the second exit production guidance increase within the last month;

- expands Tamarack's inventory of low risk (greater 85% chance of success) Cardium development opportunities by approximately 26% to 229 locations within the Cardium fairway;

- Tamarack maintains a clean balance sheet with year-end 2015 estimated net debt to funds flow of only 1.0 times;

- Tamarack estimates existing underutilized midstream assets and associated pipeline infrastructure has an estimated replacement value of greater than $20 million; and

- approximately 63-75% of un-utilized capacity ensuring future production growth is not restricted.

For further information on the Acquired Assets, see "*Information Concerning the Acquired Assets*". While management expects that the Corporation will receive the benefits noted above, the Acquisition does expose the Corporation to additional risks including the risk that the Corporation will fail to realize the anticipated benefits of the Acquisition. For a further discussion of certain of the risks associated with the Acquisition, see "*Risk Factors*".

See Schedule "A" of this short form prospectus – "*Operating Statement of Revenue, Royalties, Production Expenses and Operating Income*" for certain operating results of all of the Acquired Assets. See Schedule "B" of this short form prospectus – "*Unaudited Pro Forma Operating Statements*" for unaudited *pro forma* financial information giving effect to the acquisition by the Corporation of the Acquired Assets and Sure Energy for the six months ended June 30, 2014 and for the year ended December 31, 2013 based on the assumptions set forth therein.

**The Acquisition Agreement**

The following is a summary of certain provisions of the Acquisition Agreement and is qualified in its entirety by the full text of the Acquisition Agreement, in redacted form, a copy of which is filed on SEDAR under the Corporation's profile at www.sedar.com.

The Purchase Price for the Acquired Assets, will be funded through a combination of (a) the net proceeds from the Offering; (b) drawing down additional bank debt under the New Facilities; and (c) the temporary Bridge Facility which will be eliminated upon closing of the Acquisition. See "*Use of Proceeds*". In connection with the Acquisition, the Purchaser has provided the Vendor with an amount equal to 20% of the Purchase Price as a deposit against the payment of the Purchase Price (the "**Deposit**").

The Acquisition is conditional upon receipt of all necessary approvals, including approvals under the *Competition Act* (Canada) and by the Alberta Energy Regulator and satisfaction of customary closing conditions, including, but not limited to, the delivery by the parties of certificates in respect of the accuracy of representations and warranties and performance of covenants. Pursuant to the Underwriting Agreement, the closing of the Offering is conditional upon, among other things, the Underwriters receiving evidence that the Acquisition Agreement has not been amended in any material respect nor have any material terms and conditions thereof been waived, other than as disclosed in writing to the Underwriters.

Under the Acquisition Agreement, if the Acquisition is completed, the Deposit and the interest thereon will be paid to the Vendor as partial payment of the Purchase Price. If the Acquisition does not occur due to a breach of a representation or warranty made by the Purchaser or a breach by the Purchaser of a covenant or agreement made by the Purchaser under the Acquisition Agreement that is not cured or waived prior to the closing of the Acquisition, the Deposit will be forfeited to the Vendor as liquidated damages. In these circumstances, the retention of the Deposit shall constitute the Vendor's sole remedy in such instance, with no right to claim further damages or other remedies from the Purchaser. If closing of the Acquisition does not occur for any reason or circumstance other than a breach of a representation or warranty made by the Purchaser or a breach of a covenant or agreement made by the Purchaser, the Deposit, together with interest thereon at the prime rate, calculated daily but not compounded, for the period from the execution hereof to the date that the Deposit is returned to the Purchaser shall be paid by the Vendor to the Purchaser.

The Vendor and the Purchaser have agreed to indemnify each other for a period of twelve months from closing of the Acquisition in respect of certain losses and liabilities arising out of the Acquisition Agreement, including any breaches of representations, warranties and covenants, subject to certain exceptions. In addition, the Purchaser has, in a manner consistent with typical industry practice, agreed to indemnify the Vendor after closing of the Acquisition for certain liabilities which relate to the Acquired Assets for all past, present and future environmental liabilities of the Vendor, provided that the Purchaser shall not be liable or be required to indemnify the Vendor in respect of any losses, liabilities or claims to the extent they resulted from a breach of any representations or warranties of the Vendor in respect of any environmental matters.

The Vendor's indemnities for breach of representations and warranties and certain covenants are subject to a minimum threshold of $33,700,000 for all losses and liabilities, and then the Vendor is only liable to the extent that such losses and liabilities exceed $33,700,000.

There are two ROFRs applicable to the Wilson Creek Pekisko Unit, that if exercised would not have any material impact on the Acquisition. ROFR Assets constitute approximately 1.4% of the total current production and proved reserves at June 30, 2014 of the Acquired Assets and, although the exact amount has not been determined at this time, the Corporation anticipates that ROFR Assets will be allocated a value of approximately 1.2% ($1,938,000) of the Purchase Price.

In accordance with the terms of the Acquisition Agreement, the Vendor is required to send notices to third parties subject to a ROFR in accordance with the terms of those ROFRs. The applicable ROFR notices were sent on September 5, 2014 and the third parties will have 30 days after receipt of the notice to waive or exercise the ROFR and acquire the ROFR Assets from the Vendor for the same purchase price ascribed to those properties by the Corporation, or dispute the notice (including the value ascribed to the applicable properties in the ROFR notice).

If a third party entitled to exercise a ROFR exercises its right before closing of the Acquisition, closing will still occur but the portion of the Acquired Assets affected by the exercised ROFR will be excluded from the purchase and sale contemplated by the Acquisition Agreement and the Purchase Price will be adjusted for the value ascribed to such properties in the ROFR notices. If a third party recipient of a ROFR notice has not exercised its rights under a notice but such rights have not been extinguished, or disputes the notice prior to closing of the Acquisition, closing will still occur and the Purchase Price and the Acquired Assets may be subsequently adjusted pending the outcome of such dispute. See "*Risk Factors – Possible Failure to Realize Anticipated Benefits of the Acquisition*".

## INFORMATION CONCERNING THE ACQUIRED ASSETS

### Description of the Acquired Assets

The Acquired Assets are located in the Wilson Creek area of Alberta in Rimbey, Alberta. The Acquisition consists of Cardium oil production of approximately 826 boe/d (70% oil & NGLs), a 52% working interest in the Wilson Creek Unit No. 1 Pekisko liquids rich gas unit which produces approximately 1,450 mcf/d and 97 bbls/d of liquids for 338 boe/d and and Mannville production of 538 boe/d (26% oil and NGLs).

The Acquisition includes approximately 62 (43.4 net) sections of contiguous land in the multi-zone area of Wilson Creek. Tamarack estimates that 47.4 net (one-mile equivalent) low-risk, quick payout horizontal Cardium oil locations exist on the 28.7 (21.4 net) sections of undeveloped land. In addition, the Corporation estimates 11.6 net drilling locations exist in other zones such as the Ellerslie, Notikewin and Pekisko.

The strategic infrastructure to be acquired pursuant to the Acquisition complements Tamarack's growth plans for the Wilson Creek area. Tamarack will operate a 100% owned 3,800 bbl/d oil battery (currently less than 25% utilized), a 52% owned 30 mmcf/d gas plant (currently less than 37% utilized), and a 100% owned refrigeration liquids recovery unit. The Corporation has assigned $20 million of value to these strategic infrastructure assets and will explore alternatives to increase the Corporation's economics.

### Reserves Information

As the Corporation does not currently own the Acquired Assets, the following information has been summarized from the Tamarack Internal Reserves Estimate and information provided to the Corporation in connection with the Corporation's due diligence.

**The information regarding the Acquired Assets set forth herein (including the unaudited *pro forma* operating statements set forth in Schedule "B") is in respect of all of the Acquired Assets. ROFR Assets constitute approximately 1.4% of the total current production and approximately 1.4% of the proved reserves as at June 30, 2014 attributable to the Acquired Assets. To the extent that any third parties exercise ROFRs on the Acquired Assets, the Corporation believes that the historical operational and reserves information set forth herein will be reduced in a proportion generally equivalent to the proportion of the Acquired Assets in respect of which the ROFRs are exercised. See "*Risk Factors – Possible Failure to Realize Anticipated Benefits of the Acquisition*".**

The reserves data for the Acquired Assets set forth below is based upon an evaluation by the Corporation's internal qualified reserves evaluator dated as of August 15, 2014 with an effective date of June 30, 2014. The reserves data summarizes the crude oil, natural gas liquids and natural gas reserves and the net present values of future net revenue for these reserves using forecast prices and costs. The Tamarack Internal Reserves Estimate has been prepared in accordance with the standards contained in the COGE Handbook, NI 51-101 and the reserve definitions contained in the Canadian Securities Administrators Staff Notice 51-324.

**All evaluations of future net revenue are after the deduction of royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the reserves. There is no assurance that the forecast price and cost assumptions contained in the Tamarack Internal Reserves Estimate will be attained and variations could be material. Other assumptions and qualifications relating to costs and other matters are summarized in the notes to or following the tables below. The recovery and reserve estimates described herein are estimates only. Actual reserves may be greater or less than those calculated. See "*Risk Factors*".**

All reserves associated with the Acquired Assets are located in the Province of Alberta. There are no heavy oil reserves associated with the Acquired Assets. Numbers in each column may not add due to rounding.

The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures and well abandonment costs for only those wells assigned reserves by the Corporation's internal qualified reserves evaluator. **It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by the Corporation's internal qualified reserves evaluator represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein.**

*Summary of Oil and Gas Reserves – Forecast Prices and Costs*

The following tables outline the reserves of the Acquired Assets on a forecasted pricing basis, by product type on a gross (before royalty) and net (after royalty) basis;

| | Gross Reserves | | | | Net Reserves | | | |
|---|---|---|---|---|---|---|---|---|
| | Light and Medium Crude Oil | Heavy Crude Oil | Natural Gas Liquids | Natural Gas | Light and Medium Crude Oil | Heavy Crude Oil | Natural Gas Liquids | Natural Gas |
| | MBbls | MBbls | MBbls | MMcf | MBbls | MBbls | MBbls | MMcf |
| **Proved** | | | | | | | | |
| Developed Producing | 415.3 | - | 739.8 | 13,508.7 | 382.9 | - | 527.6 | 11,986.5 |
| Developed Non-Producing | | - | | | | - | | |
| Undeveloped | 1,831.6 | - | 234.5 | 5,651.3 | 1,659.5 | - | 195.7 | 5,266.2 |
| **Total Proved** | 2,246.9 | - | 974.3 | 19,160.0 | 2,042.5 | - | 723.2 | 17,252.7 |
| **Probable** | 1,668.3 | - | 662.1 | 10,357.5 | 1,366.6 | - | 514.2 | 9,201.8 |
| **Total Proved plus Probable** | 3,915.2 | - | 1,636.4 | 29,517.5 | 3,409.1 | - | 1,237.4 | 26,454.5 |

*Net Present Value of Future Net Revenue – Forecast Prices and Costs*

| | Before Future Income Tax Expenses and Discounted at | | | | |
|---|---|---|---|---|---|
| | 0% | 5% | 10% | 15% | 20% |
| | (MM$) | (MM$) | (MM$) | (MM$) | (MM$) |
| **Proved** | | | | | |
| Developed Producing | 4.3 | 52.6 | 52.3 | 47.9 | 43.8 |
| Developed Non-Producing | - | - | - | - | - |
| Undeveloped | 80.3 | 79.9 | 68.6 | 58.3 | 49.9 |
| **Total Proved** | 84.6 | 132.5 | 120.8 | 106.2 | 93.8 |
| **Probable** | 162.6 | 114.4 | 89.1 | 72.7 | 61.1 |
| **Total Proved plus Probable** | 247.2 | 246.9 | 209.9 | 178.9 | 154.9 |

| | After Future Income Tax Expenses and Discounted at | | | | |
|---|---|---|---|---|---|
| | 0% | 5% | 10% | 15% | 20% |
| | (MM$) | (MM$) | (MM$) | (MM$) | (MM$) |
| **Proved** | | | | | |
| Developed Producing | (14.1) | 36.9 | 38.5 | 35.5 | 32.6 |
| Developed Non-Producing | - | - | - | - | - |
| Undeveloped | 53.7 | 56.4 | 47.6 | 39.4 | 32.7 |
| **Total Proved** | 39.8 | 93.3 | 86.1 | 74.9 | 65.3 |
| **Probable** | 126.9 | 86.4 | 65.9 | 53.1 | 44.1 |
| **Total Proved plus Probable** | 166.7 | 179.7 | 152.0 | 128.0 | 109.4 |

All of the fixed operating costs and third party processing revenues for the gas plant were included in the proved developed producing reserve category. The future net revenues for all undeveloped locations have no future fixed cost burdens associated with the gas plant.

| | Unit Value Before Income Taxes Discounted at 10%/year ($/Boe) |
|---|---|
| **Proved** | |
| Developed Producing | 15.35 |
| Developed Non-Producing | - |
| Undeveloped | 22.81 |
| **Total Proved** | 18.83 |
| **Probable** | 21.96 |
| **Total Proved plus Probable** | 20.05 |

*Additional Information Concerning Future Net Revenue – Forecast Prices and Costs*

| (*Undiscounted*) | Revenue (MM$) | Royalties (MM$) | Operating Costs (MM$) | Development Costs (MM$) | Abandonment and Other costs (MM$) | Future Net Revenue Before Income Taxes (MM$) | Income Taxes (MM$) | Future Net Revenue After Income Taxes (MM$) |
|---|---|---|---|---|---|---|---|---|
| **Total Proved** | 439.8 | 55.1 | 217.2 | 82.8 | 5.8 | 84.6 | 44.4 | 40.2 |
| **Total Proved plus Probable** | 742.7 | 108.5 | 272.4 | 113.2 | 6.9 | 247.2 | 80.5 | 166.7 |

*Future Net Revenue by Production Group – Forecast Prices and Costs*

| | **Future Net Revenue Before Income Taxes and Discounted at 10%** | **Per Unit Future Net Revenue Before Income Taxes and Discounted at 10%** |
|---|---|---|
| | (MM$) | ($/Boe) |
| **Proved** | | |
| Light and Medium Crude Oil(1) | 94.5 | 26.78 |
| Heavy Crude Oil | - | - |
| Natural Gas(2) | 26.3 | 9.12 |
| **Total Proved** | 120.8 | 18.83 |
| | | |
| **Proved plus Probable** | | |
| Light and Medium Crude Oil(1) | 173.7 | 28.19 |
| Heavy Crude Oil | - | - |
| Natural Gas(2) | 36.2 | 8.39 |
| **Total Proved plus Probable** | 209.9 | 20.05 |

**Notes:**

(1) Including associated gas and other by-products.

(2) Including by-products, but excluding associated gas from oil wells.

*Pricing Assumptions – Forecast Prices and Costs*

The Corporation's internal qualified reserves evaluator employed the following pricing, exchange rate and inflation rate assumptions as of June 30, 2014 in estimating reserves data using forecast prices and costs.

| | Medium and Light Crude Oil | | | Natural Gas | | NGL | | |
|---|---|---|---|---|---|---|---|---|
| Year | WTI Cushing Oklahoma 40 °API (US$/Bbl) | Edmonton Par Price 40 °API ($/Bbl) | Cromer LSB 35 °API ($/Bbl) | Alberta Gas Reference Price Plantgate ($/MMBTU) | AECO - C Spot ($/MMBTU) | Pentanes Plus ($/Bbl) | Inflation Rate (%/ year) | Exchange Rate ($US/$Cdn) |
| Q3 2014 | 102.50 | 105.98 | 103.86 | 4.42 | 4.65 | 116.58 | 2.0 | 0.920 |
| Q4 2014 | 102.50 | 105.98 | 103.86 | 4.68 | 4.90 | 116.58 | 2.0 | 0.920 |
| 2015 | 97.50 | 102.78 | 100.72 | 4.28 | 4.50 | 113.06 | 2.0 | 0.900 |
| 2016 | 97.50 | 105.56 | 103.44 | 4.52 | 4.75 | 112.94 | 2.0 | 0.900 |
| 2017 | 97.50 | 105.56 | 103.44 | 4.77 | 5.00 | 112.94 | 2.0 | 0.900 |
| 2018 | 97.50 | 105.56 | 103.44 | 5.02 | 5.25 | 112.94 | 2.0 | 0.900 |
| 2019 | 97.50 | 105.56 | 103.44 | 5.27 | 5.50 | 112.94 | 2.0 | 0.900 |
| 2020 | 98.54 | 106.37 | 104.24 | 5.39 | 5.63 | 113.81 | 2.0 | 0.900 |
| 2021 | 100.51 | 108.49 | 106.32 | 5.50 | 5.74 | 116.08 | 2.0 | 0.900 |
| 2022 | 102.52 | 110.66 | 108.45 | 5.61 | 5.85 | 118.40 | 2.0 | 0.900 |
| 2023 | 104.57 | 112.87 | 110.61 | 5.72 | 5.97 | 120.77 | 2.0 | 0.900 |

Escalated at 2% per year thereafter.

*Future Development Costs*

The table below sets out the total development costs deducted in the estimation of future net revenue attributable to proved reserves and proved plus probable reserves (using forecast prices and costs).

| | Forecast Prices and Costs | |
|---|---|---|
| | Proved Reserves | Proved Plus Probable Reserves |
| | (MM$) | (MM$) |
| 2014 | 18.8 | 18.8 |
| 2015 | 30.2 | 47.0 |
| 2016 | 10.4 | 12.2 |
| 2017 | 3.2 | 10.1 |
| 2018 | 3.6 | 8.6 |
| Remaining Years | 16.5 | 16.5 |
| **Total Undiscounted** | 82.8 | 113.2 |

The Corporation has three sources of funding available to finance its capital expenditure programs: internally generated cash flow from operations, debt financing when appropriate and new issuances of Common Shares, if available on favourable terms. The Corporation expects to fund the above future development costs primarily through internally generated cash-flow and, to a much lesser extent, debt. The cost of the debt component for funding future development costs is expected to be minimal and to not materially impact the disclosed reserves or future net revenue.

*Production Estimates*

The following table discloses for each product type the total average daily volume for the twelve month period ending June 30, 2015 as estimated by the Corporation's internal qualified reserves evaluator in the Tamarack Internal Reserves Estimate.

| | **Light and Medium Crude Oil (Bbls/d)** | **Heavy Crude Oil (Bbls/d)** | **NGL (Bbls/d)** | **Natural Gas (Mcf/d)** | **Boe (Boe/d)** | **%** |
|---|---|---|---|---|---|---|
| **Proved** | 1,220.4 | 0.0 | 269.1 | 5,319.4 | 2,376.0 | 62.7 |
| **Probable** | 374.5 | 0.0 | 28.8 | 529.1 | 491.5 | 76.6 |
| **Total Proved Plus Probable** | 1,594.9 | 0.0 | 297.9 | 5,848.5 | 2,867.5 | 66.0 |

*Oil and Gas Wells*

The following table provides the details of producing and non-producing wells as at June 30, 2014 in which the Corporation will acquire interests as a result of the Acquisition based on the Tamarack Internal Reserves Estimate.

| | **Producing** | | **Non-Producing** | |
|---|---|---|---|---|
| **Wells** | **Gross** | **Net** | **Gross** | **Net** |
| Alberta | | | | |
| Oil | 55 | 35.1 | 26 | 20.5 |
| Natural Gas | 52 | 28.4 | 14 | 7.0 |
| Total | 107 | 63.5 | 40 | 27.5 |

*Properties with no Attributed Reserves*

The following table summarizes the gross and net acres of lands, effective August 15, 2014 comprised in the Acquired Assets. Due to the nature of the transaction, a gross/net acreage report dated August 15, 2014 cannot be generated.

| | **Undeveloped Land** | |
|---|---|---|
| | **Gross Acres** | **Net Acres** |
| Total | 18,360 | 13,728 |

*Abandonment Costs*

The following table summarizes the Acquired Assets' associated abandonment costs deducted in the estimation of future net revenue attributable to the reserve categories noted below based on forecast prices and costs included in the Tamarack Internal Reserves Estimate.

| | Forecast Prices & Costs<br>**Proved (M$)** | **Proved plus Probable (M$)** |
|---|---|---|
| 2014 | 0.0 | 0.0 |
| 2015 | 20.6 | 20.6 |
| 2016 | 0.0 | 4.1 |
| 2017 | 10.7 | 19.1 |
| 2018 | 0.0 | 0.0 |
| Remainder | 5,773.0 | 6,885.1 |
| Total (Undiscounted) | 5,804.3 | 6,928.9 |
| Total (Discounted at 10%/year) | 2,163.5 | 2,521.1 |

*Production History*

The Acquired Assets were producing 1,702 boe/d as at June 30, 2014, comprised of 536 bbls/d of light oil, 277 bbls/d of NGLs and 5,334 mcf/d of natural gas.

## EFFECT OF THE ACQUISITION ON THE CORPORATION

### Pro Forma Financial Information

Attached as Schedule "A" to this short form prospectus is the audited operating statement of revenue, royalties, production expenses and operating income for the year ended December 31, 2013 and the unaudited operating statement of revenues, royalties, production expenses and operating income for the year ended December 31, 2012 and the six months ended June 30, 2014 and 2013. Attached as Schedule "B" to this short form prospectus are the unaudited p*ro forma* operating statements for the six months ended June 30, 2014 and the year ended December 31, 2013 giving effect to the acquisition by the Corporation of the Acquired Assets and Sure Energy. For details, see Schedules "A" and "B" attached hereto.

## DESCRIPTION OF SUBSCRIPTION RECEIPTS

### General

The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Subscription Receipt Agreement.

The Subscription Receipts will be issued at the Closing Date pursuant to the Subscription Receipt Agreement. The gross proceeds from the sale of the Subscription Receipts hereunder, being the Escrowed Funds, will be held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending completion of the Acquisition. Upon satisfaction of the Escrow Release Conditions, the Escrowed Funds and the interest earned thereon will be released to the Corporation or to the Vendor, as directed by the Corporation. Upon closing of the Acquisition, each holder of Subscription Receipts will receive, without payment of additional consideration or further action on the part of the holder thereof, one Common Share for each Subscription Receipt held. The Corporation will utilize the Escrowed Funds to pay a portion of the Purchase Price for the Acquisition. Immediately upon the closing of the Acquisition and in accordance with the terms and conditions of the Subscription Receipt Agreement, the Corporation will execute and deliver to the Escrow Agent a notice thereof, and will deliver a treasury direction to the Escrow Agent, in its capacity as transfer agent of the Common Shares to issue the Common Shares issuable pursuant to the Subscription Receipts. Contemporaneously with the delivery of such notice, the Corporation will issue a press release announcing that the Common Shares have been issued.

If the Termination Time occurs, then holders of Subscription Receipts shall be entitled to receive an amount per Subscription Receipt equal to the Offering Price and their *pro rata* share of interest earned thereon. The Escrowed Funds will be applied toward payment of such amount. The issuance of a cheque in payment of the subscription price for the Subscription Receipts will require the surrender of the certificate(s), if any representing the same at the principal office of the Escrow Agent in Calgary, Alberta. If any certificates representing Subscription Receipts have not been surrendered one year after the Termination Time, the Escrow Agent will mail the cheques that the holders thereof are entitled to receive to their last addresses of record.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts under the Offering will have a contractual right of rescission following the issuance of Common Shares to such purchaser upon the exchange of the Subscription Receipts to receive the amount paid for the Subscription Receipts if this short form prospectus (including documents incorporated by reference) and any amendment contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of closing of the Offering.

**Holders of Subscription Receipts are not Shareholders and do not have rights as Shareholders of the Corporation, including the right to vote at meetings of Shareholders or the right to receive the remaining property of the Corporation upon dissolution. Holders of Subscription Receipts are entitled only to receive Common Shares on the completion of the Acquisition or to a return of the subscription price for the Subscription Receipts together with any payments of interest, as described above.**

Except in certain limited circumstances, the Subscription Receipts will be issued in “book-entry only” form and must be purchased or transferred through a Participant (as defined below).

**Book-Entry Only System**

Except in limited circumstances: (i) the Subscription Receipts will be represented by a global certificate issued and deposited in electronic form with CDS or its nominee pursuant to the “book-entry only” form and must be purchased or transferred through a participant in the depository service of CDS system administered by CDS; (ii) no certificates evidencing Subscription Receipts will be issued to subscribers for Subscription Receipts; and (iii) subscribers for Subscription Receipts will receive only a customer confirmation from the Underwriters or another registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts is purchased. Subscribers who are not issued a certificate evidencing the Subscription Receipts (or Common Shares, as applicable) which are subscribed for by them at closing are entitled under the ABCA to request that a certificate be issued in their name. Such a request will need to be made through the CDS participant through whom the beneficial interest in the securities is held at the time of the request.

Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Subscription Receipts issued in “book-entry only” form (a “**Beneficial Owner**”) will not be entitled to receive a certificate for Subscription Receipts, or, unless requested, for the Common Shares issuable pursuant to the Subscription Receipts. Purchasers of Subscription Receipts will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in Subscription Receipts will be represented solely through the book-entry only system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Subscription Receipts are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Subscription Receipts offered and sold outside the United States will be made only through the depository service of CDS.

As indirect holders of Subscription Receipts, investors should be aware that they (subject to the situations described below): (a) may not have Subscription Receipts registered in their name; (b) may not have physical certificates representing their interest in the Subscription Receipts; (c) may not be able to sell the Subscription Receipts to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Subscription Receipts as security.

The Subscription Receipts will be issued to beneficial owners thereof in fully registered and certificated form (the "**Subscription Receipt Certificates**") only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Corporation or CDS advises the Escrow Agent that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Subscription Receipts and the Corporation is unable to locate a qualified successor; or (d) the Corporation, at its option, decides to terminate the book-entry only system through CDS.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Escrow Agent must notify CDS, for and on behalf of Participants and Beneficial Owners of Subscription Receipts, of the availability through CDS of Subscription Receipt Certificates. Upon surrender by CDS of the global certificates representing the Subscription Receipts and receipt of instructions from CDS for the new registrations, the Escrow Agent will deliver the Subscription Receipts in the form of Subscription Receipt Certificates and thereafter the Corporation will recognize the holders of such Subscription Receipt Certificates as subscription receipt holders under the Subscription Receipt Agreement.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or any payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a Participant. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for any payments relating to the Subscription Receipts paid by or on behalf of the Corporation to CDS.

In the event that, prior to the date Common Shares become issuable pursuant to the Subscription Receipts, there is a subdivision, consolidation, reclassification or other change of the Common Shares or any reorganization, amalgamation, merger or sale of all or substantially all of the assets of the Corporation, the Subscription Receipts will thereafter evidence the right of the holder to receive the securities, property or cash deliverable in exchange for or on conversion of or in respect of the Common Shares to which the holder of a Subscription Receipt would have been entitled immediately after such event if it had been a holder of such Common Shares prior to such event. Similarly, any distribution to all or substantially all of the holders of Common Shares of rights, options, warrants, evidences of indebtedness or assets will result in an adjustment in the number of Common Shares to be issued to holders of Subscription Receipts. Alternatively, such securities, evidences of indebtedness or assets may, at the option of the Corporation, be issued to the Escrow Agent and delivered to holders of Subscription Receipts following the closing of the Acquisition.

The Subscription Receipt Agreement will provide for modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of an extraordinary resolution. The term "extraordinary resolution" will be defined in the Subscription Receipt Agreement to mean, in effect, a resolution passed by the affirmative votes of the holders of not less than 66⅔% of the number of outstanding Subscription Receipts represented and voted at a meeting of holders or an instrument or instruments in writing signed by the holders of not less than 66⅔% of the number of outstanding Subscription Receipts.

## DESCRIPTION OF SHARE CAPITAL

Tamarack is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at September 8, 2014, there were 60,498,466 Common Shares and no preferred shares issued and outstanding. The following is a summary of the rights, privileges, restrictions and conditions attached to such securities.

### Common Shares

The holders of Common Shares are entitled to: (i) one vote for each Common Share held at all meetings of shareholders of Tamarack, except meetings at which only holders of a specified class of shares are entitled to vote; (ii) subject to the prior rights and privileges attaching to any other class of shares of Tamarack, the right to receive any dividend declared by Tamarack; and (iii) subject to the prior rights and privileges attaching to any other class of shares of Tamarack, the right to receive the remaining property and assets of Tamarack upon dissolution.

### Preferred Shares, Issuable in Series

Tamarack is authorized to issue an unlimited number of preferred shares, issuable in series. The preferred shares may, at any time and from time to time, be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the Board of Directors. Subject to the provisions of the ABCA, the Board of Directors may by resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions and conditions attaching to each series of the preferred shares.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the unaudited consolidated capitalization of the Corporation as at June 30, 2014 before and after giving effect to the Offering, the Private Placement and the Acquisition. This table should be read in conjunction with the audited consolidated annual financial statements of the Corporation for the year ended December 31, 2013 and the unaudited condensed consolidated interim financial statements of the Corporation for the three and six months ended June 30, 2014, including the respective notes thereto and the management's discussion and analysis of results of operations and financial condition for each period, which have been incorporated by reference into this short form prospectus.

| Designation | Authorized | As at June 30, 2014 before giving effect to the Offering, the Private Placement and the Acquisition | As at June 30, 2014 after giving effect to the Offering, the Private Placement and the Acquisition(1)(2)(3)(6) |
|---|---|---|---|
| **Share Capital** | | | |
| Common Shares(4)(7)(8) | Unlimited | $216,737,621 (60,462,967 Common Shares) | $336,011,009 (77,842,967 Common Shares) |
| Preferred Shares | Unlimited | $Nil (Nil Preferred Shares) | $Nil (Nil Preferred Shares) |
| **Indebtedness** | | | |
| Credit Facility(5) | $108,000,000 | $43,734,511 | $96,729,661 |

**Notes:**

(1) Without giving effect to the exercise of the Over-allotment Option, based on the issuance of 16,100,000 Subscription Receipts pursuant to the Offering for gross proceeds of $115,115,000 less the Underwriters' fee of $5,755,750 and expenses of the Offering and qualification for distribution of the Subscription Receipts, estimated to be approximately $400,000. The deferred tax effect of $1,538,938 has been offset against share issue costs in share capital.

(2) Assumes the issuance of 1,280,000 Flow-Through Shares pursuant to the Private Placement for gross proceeds of $10,048,000 less the Underwriters' fee of $502,400. For purposes of share capital the flow-through share premium, representing the excess value received for the Flow-Through Shares over a Common Share of $896,000 has been removed and the deferred tax effect of $125,600 has been offset against share issue costs in share capital.

(3) Assumes a purchase price for the Acquired Assets of $168,500,000 and acquisition costs of $3,000,000.

(4) The Corporation is authorized to issue an unlimited number of Common Shares, of which 60,498,466 Common Shares and nil preferred shares are issued and outstanding as fully paid and non-assessable Common Shares as at September 8, 2014.

(5) As at June 30, 2014, Tamarack had a $90 million revolving operating demand facility and a $18 million non-revolving acquisition/development demand line of credit with a Canadian chartered bank. At June 30, 2014, the Corporation had utilized the revolving operating demand line of credit in the amount of $43,734,511 and the Corporation was compliant with its working capital ratio at 1.8 to 1.0. As at June 30, 2014, the Corporation had letter of guarantees outstanding in the amount of $418,612 against the credit facility.

On August 7, 2014, the Corporation established the Credit Facility, consisting of a $100 million revolving credit facility and a $10 million operating facility. The Credit Facility lasts for a 364 day period and will be subject to its next 364 day extension by May 30, 2015. If not extended, the Credit Facility will cease to revolve and all outstanding balances will become repayable in one year from that extension date. The interest rate on both the revolving facility and operating facility is determined through a pricing grid that categorizes based on a net debt to cash flow ratio. The interest rate will vary from a low of the bank's prime rate plus 1.0%, to a high of the bank's prime rate plus 2.5%. The standby fee for the Credit Facility will vary as per a pricing grid from a low of 0.5% to a high of 0.875% on the undrawn portion of the Credit Facility. The Credit Facility has been secured by a $300 million supplemental debenture with a floating charge over all assets. As the available lending limits of the facilities are based on the bank's interpretation of the Corporation's reserves and future commodity prices, there can be no assurance as to the amount of available facilities that will be determined at each scheduled review. The next scheduled review is on November 30, 2014.

Pursuant to the terms of the Credit Facility, the Corporation has provided a covenant that at all times its adjusted working capital ratio shall not be less than 1.0 to 1.0. The adjusted working capital ratio is defined under the terms of the Credit Facility as current assets excluding derivative assets, including the undrawn portion of the revolving operating demand line credit facility, to current liabilities, excluding any current bank indebtedness and derivative liabilities. A similar covenant is expected to exist under the New Facilities.

As at September 1, 2014, the outstanding indebtedness under the Credit Facility was $48,824,146. The Credit Facility is anticipated to be replaced with the New Facilities consisting of a $140,000,000 revolving facility and a $10,000,000 revolving operating facility. Upon closing of the Acquisition (assuming a Purchase Price of $168,500,000 and acquisition costs of $3,000,000 and assuming the Over-allotment Option is not exercised), the outstanding indebtedness under the New Facilities is anticipated to be approximately $78.6 million at closing. The Bridge Facility will mature six months after closing of the New Facilities. The Corporation will not extend the Bridge Facility, if drawn upon, beyond October 31, 2014. The maximum borrowing base under the New Facilities will be $150,000,000. The New Facilities and the Bridge Facility will be secured by a $300,000,000 demand debenture with a floating charge over all of the assets of the Corporation and each of its subsidiaries.

(6) Excludes additional Subscription Receipts, if any, issued upon exercise of the Over-allotment Option. The Corporation has granted to the Underwriters the Over-allotment Option to purchase up to an additional 2,415,000 Subscription Receipts, representing up to approximately 15% of the offering of Subscription Receipts, at the discretion of the Underwriters, on the same terms and conditions as the Offering, exercisable in whole or in part from time to time, not later than the 30th day following the closing of the Offering, to cover over-allotments, if any and for consequential market stabilization purposes.

(7) As at June 30, 2014, Tamarack had 3,574,885 Options outstanding pursuant to the Corporation's stock option plan (the "**Option Plan**"). As at September 8, 2014, 4,005,386 Options are outstanding to exercise for a like number of Common Shares issued under the Option Plan. The Options are exercisable into Common Shares at exercise prices, ranging from $1.98 to $6.82 per Common Share and expire five years from the date of grant or earlier dependent upon certain events. The Option grants vest one-third on the first, second and third anniversary of the date of grant. As at June 30, 2014, Tamarack had no restricted share units ("**RSUs**") outstanding pursuant to its restricted share unit plan ("**RSU Plan**"). As at September 8, 2014, Tamarack had 411,000 RSUs outstanding. Each RSU entitles the holder thereof upon settlement to receive one Common Share in accordance with the RSU Plan. The RSU grants vest one-third on the first, second and third anniversary of the date of grant. See "*Prior Sales*".

(8) On June 17, 2010, pursuant to the restructuring transaction involving the Corporation and a privately held corporation ("**PrivateCo**"), 2,024,273 preferred shares in the capital of PrivateCo were exchanged by certain former shareholders of PrivateCo for 2,024,273 preferred shares ("**TAC Preferred Shares**") of Tamarack Acquisition Corp. (formerly Tango Acquisition Corp.). Each TAC Preferred Share is exercisable for 0.9615385 of a Common Share at a price of $3.12 per Common Share equivalent, subject to certain conditions, for a period of five years. Up to one-third of the TAC Preferred Shares may be exchanged for Common Shares on or after each of the first, second and third anniversary dates from the closing date of the transaction, being June 17, 2010. Tamarack has the option to purchase each TAC Preferred Share for either a cash payment reflecting the "in-the-money" amount or equivalent Common Share consideration under certain circumstances including (a) the occurrence of a "change of control" of Tamarack (as defined in the Option Plan), (b) the holder ceasing to act as a director, officer, employee or consultant of Tamarack for any reason other than death or permanent disability, (c) the death or disability of the holder of TAC Preferred Shares, and (d) the Common Shares trading at a 300% premium to the exercise price of $3.12 per Common Share equivalent over any consecutive 20 day trading period (being days on which at least a board lot of Common Shares trades on the TSX-V or such other stock exchange on which the greatest number of Common Shares are traded). As at September 8, 2014, there are 1,223,040 TAC Preferred Shares issued and outstanding. Assuming all TAC Preferred Shares are exercised, then Tamarack would issue 1,176,000 Common Shares. For details regarding the TAC Preferred Shares, see "*General Development of the Business – Restructuring Transaction*" of the AIF, incorporated by reference herein.

## PRIOR SALES

During the twelve month period prior to the date of this short form prospectus, Tamarack: (a) issued 30,791,714 Common Shares; (b) granted Options exercisable into 2,381,000 Common Shares; and (c) granted 411,000 RSUs, the particulars of which are set forth in the following tables:

### Common Share Issuances

| Date of Issue | Number of Common Shares Issued | Issue Price per Common Share or Exercise Price ($) |
|---|---|---|
| October 9, 2013 | 16,461,966[(1)] | $2.86 |
| February 19, 2014 | 14,000,000[(2)] | $4.30 |
| April 8, 2014 | 23,333[(3)] | $2.06 |
| May 1, 2014 | 206,250[(4)] | $3.12 |
| May 26, 2014 | 21,805[(3)] | $1.98 |
| May 26, 2014 | 1,528[(3)] | $2.70 |
| June 3, 2014 | 31,333[(3)] | $1.98 |
| June 3, 2014 | 8,334[(3)] | $4.80 |
| June 3, 2014 | 1,666[(3)] | $2.70 |
| August 20, 2014 | 4,166[(3)] | $4.80 |
| August 20, 2014 | 31,333[(3)] | $1.98 |
| **Total:** | **30,791,714** | |

**Notes**:

(1) On October 9, 2013, Tamarack issued 16,461,966 Common Shares pursuant to the acquisition of Sure Energy for an ascribed value of $47,081,223 based on exchanging all outstanding Sure Energy common shares (being 156,780,630 common shares) for 0.105 of a Common Share for each Sure Energy common share (not including any payment for fractional shares) using a deemed value of $2.86 per Common Share (determined using the closing price of the Common Shares on the TSX-V on October 9, 2013 and which was equivalent to $0.30 per Sure Energy common share).

(2) Issued in connection with the February Offering.

(3) Issued in connection with the exercise of Options.

(4) Issued in connection with the exchange of TAC Preferred Shares into Common Shares. See Note (8) to the table under "*Consolidated Capitalization*".

### Option Grants

| Date of Grant | Number of Options Issued[(1)] | Exercise Price ($) |
|---|---|---|
| October 16, 2013 | 1,350,000 | $3.25 |
| March 17, 2014 | 40,000 | $5.00 |
| February 13, 2014 | 125,000 | $4.50 |
| February 24, 2014 | 400,000 | $4.65 |
| August 13, 2014 | 466,000 | $6.82 |
| **Total:** | **2,381,000** | |

**Note**:

(1) Each Option entitles the holder thereof upon exercise to acquire one Common Share in accordance with the Option Plan. For further information regarding the Option Plan, see "*Statement of Executive Compensation – Incentive Plans*" in the 2014 Information Circular, which is incorporated by reference herein.

### RSU Grants

On August 13, 2014, the Corporation granted 411,000 RSUs pursuant to the RSU Plan. Each RSU entitles the holder thereof upon settlement to receive one Common Share in accordance with the RSU Plan. For further information regarding the RSU Plan, see "*Statement of Executive Compensation – Incentive Plans*" in the 2014 Information Circular, which is incorporated by reference herein.

## TRADING PRICE AND VOLUME

The Common Shares are listed for trading under the symbol "TVE" on the TSX-V. The following table sets forth the price range, closing price and trading volumes of the Common Shares as reported by the TSX-V for the periods indicated.

| Period | High ($) | Low ($) | Volume (#) |
|---|---|---|---|
| **2013** | | | |
| September | 3.18 | 2.63 | 1,272,496 |
| October | 3.85 | 2.80 | 18,031,902 |
| November | 3.97 | 3.53 | 5,949,717 |
| December | 3.89 | 3.25 | 3,752,392 |
| **2014** | | | |
| January | 4.72 | 3.59 | 17,307,676 |
| February | 5.04 | 4.33 | 9,347,652 |
| March | 6.08 | 4.75 | 15,756,373 |
| April | 6.30 | 5.61 | 12,542,122 |
| May | 6.00 | 5.10 | 7,400,507 |
| June | 6.86 | 5.72 | 8,402,177 |
| July | 6.73 | 5.64 | 5,602,627 |
| August | 7.61 | 5.90 | 12,846,194 |
| September (1 - 8) | 7.87 | 7.12 | 10,093,982 |

On September 2, 2014, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSX-V was $7.55. On September 8, 2014, the last trading day prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX-V was $7.36.

## USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Subscription Receipts hereunder are estimated to be $109,359,250 after deducting the Underwriters' fee of $5,755,750 payable to the Underwriters but before deducting the estimated expenses of the Offering of $400,000. If the Over-allotment Option is exercised in full, the total offering price to the public, the Underwriters' fee and net proceeds to the Corporation (before deducting the expenses of the Offering) will be approximately $132,382,250, $6,619,113 and $125,763,137, respectively. See "*Plan of Distribution*".

The gross proceeds from the sale of the Subscription Receipts will be the Escrowed Funds. The cash purchase price to be paid by the Corporation for the Acquired Assets is $168,500,000, subject to adjustment. All of the net proceeds of the Offering will be used to fund a portion of the Corporation's purchase price obligations under the Acquisition Agreement. In connection with the Acquisition, the Purchaser has provided the Vendor with the Deposit, being $33,700,000 which will be used to pay a portion of the Purchase Price. See "*The Acquisition – The Acquisition Agreement*" for a description of the Acquisition.

In order to finance the portion of the Acquisition that is not being financed by the proceeds of the Offering (assuming the Over-allotment Option is not exercised), the Corporation intends to draw down additional indebtedness under the New Facilities and/or the temporary Bridge Facility (approximately $26 million) which will be eliminated upon closing of the Acquisition. In addition, the Corporation may need to find additional sources of financing to repay any indebtedness under its Credit Facility or the New Facilities, as applicable, when they become due.

The Corporation's indebtedness under the Credit Facility is described under Note (5) to the table under *Consolidated Capitalization*. The Corporation's current indebtedness under the Credit Facility has been incurred in the normal course of business and operations in connection with its capital expenditure program.

In addition, as described above under "*The* Acquisition", to the extent that third parties exercise ROFRs, the Corporation will not be required to pay the portion of the Purchase Price to the Vendor attributable to such ROFR Assets and a greater percentage of the proceeds from the Offering may be used for payment of the Purchase Price. See "*The Acquisition*" – "*Information Concerning the Acquired Assets*" and "*Risk Factors – Possible Failure to Realize Anticipated Benefits of the Acquisition*".

The use of the net proceeds of the Offering by the Corporation is consistent with the Corporation's strategy of growing and developing an oil and natural gas exploration and development company through internal operations and acquisitions. There is no particular significant event or milestone that must occur for Tamarack's business objectives to be accomplished.

Due to the nature of the oil and natural gas industry, budgets are regularly reviewed in light of the success of expenditures and other opportunities which may become available to the Corporation. Potential investors are cautioned that notwithstanding the Corporation's current intentions regarding the use of the net proceeds of the Offering, there may be circumstances where a reallocation of funds may be advisable for reasons that management believes are in the Corporation's best interests.

## PLAN OF DISTRIBUTION

Pursuant and subject to the terms and conditions contained in the Underwriting Agreement, the Corporation has agreed to issue and sell an aggregate of 16,100,000 Subscription Receipts to the Underwriters, and the Underwriters have severally agreed to purchase such Subscription Receipts on September 26, 2014, or such other date as may be agreed among the parties to the Underwriting Agreement. Delivery of the Subscription Receipts is conditional upon payment on closing of $7.15 per Subscription Receipt by the Underwriters to the Escrow Agent.

The Corporation has agreed to pay the Underwriters a fee equal to 5.0% of the gross proceeds of the Offering, which is equal to $0.36 per Subscription Receipt for an aggregate fee payable by the Corporation of $5,755,750, in consideration of their services in connection with this Offering. Closing of the Offering is anticipated to occur on or about September 26, 2014, or on such other date as may be agreed upon in writing by the Corporation and the Underwriters but in any event not later than 42 days following the date of the receipt for the final short form prospectus. The Underwriters' fee in respect of the Subscription Receipts is payable 50% upon the closing of the Offering and 50% upon closing of the Acquisition. The Underwriters' fee in respect of the Subscription Receipts will be limited to the 50% paid upon closing of the Offering if the Acquisition does not close. The terms of the Offering, including offering price, were determined by negotiation between the Corporation and the Co-Lead Underwriters, on their own behalf and on behalf of the other Underwriters.

Under the terms of the Underwriting Agreement, the Corporation has granted the Over-allotment Option to the Underwriters. Pursuant to the Over-allotment Option, the Underwriters may purchase up to 2,415,000 additional Subscription Receipts (or Common Shares, if the Over-allotment Option is exercised after the completion of the Acquisition) under the Offering at the Offering Price. The Over-allotment Option is exercisable at any time for a period of 30 days following the closing of the Offering.

The obligations of the Underwriters under the Underwriting Agreement are several, and not joint, nor joint and several, and may be terminated at their discretion upon the occurrence of certain stated events. The obligations of the Corporation and the Underwriters under the Underwriting Agreement to complete the purchase and sale of the Subscription Receipts will terminate automatically if the Termination Time occurs. Subject to certain exceptions contained in the Underwriting Agreement, if an Underwriter fails to purchase the Subscription Receipts which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Subscription Receipts, unless the number of Subscription Receipts (or Common Shares, as applicable) which one or more of the Underwriters refuse to purchase represents not more than 5.1% of the total number of Subscription Receipts (or Common Shares, as applicable) being offered, in which case the remaining Underwriters are obligated to purchase such Subscription Receipts (or Common Shares, as applicable) on a pro-rata basis. The Underwriters are, however, obligated to take-up and pay for all Subscription Receipts if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation has agreed to indemnify the Underwriters and their shareholders, directors, officers, employees and agents against certain liabilities.

Except in certain limited circumstances, the Subscription Receipts will be issued in "book-entry only" form and must be purchased or transferred through a Participant in the depository service of CDS. See "*Description of Subscription Receipts – Book-Entry Only System*".

The Underwriters may engage in market stabilization or market balancing activities on the TSX-V where the bid for or purchase of Common Shares is for the purpose of maintaining a fair and orderly market in the Common Shares, subject to price limitations applicable to such bids or purchases. These transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Subscription Receipts to the public initially at the Offering Price set forth on the face page of this short form prospectus. Subject to applicable laws and without affecting the firm obligation of the Underwriters to purchase from the Corporation 16,100,000 Subscription Receipts at the Offering Price in accordance with the Underwriting Agreement, after the Underwriters have made reasonable efforts to sell all of the Subscription Receipts offered hereby at the price specified herein, the offering price to the public may be decreased and further changed from time to time to an amount not greater than the Offering Price specified herein. Such decrease in the offering price to the public will not affect the compensation of $0.36 per Subscription Receipt to be paid by the Corporation to the Underwriters (assuming the Acquisition closes), and it will not decrease the amount of the net proceeds of the Offering to the Corporation. In the event the offering price of the Subscription Receipts or Common Shares, as applicable is reduced, the compensation received by the Underwriters will be decreased by the amount the aggregate price paid by the purchasers for the Subscription Receipts or Common Shares, as applicable, is less than the gross proceeds paid by the Underwriters to Tamarack for the Subscription Receipts. The Underwriters will inform the Corporation if the offering price for the Subscription Receipts to the public is decreased.

The Corporation has agreed that, during the 90 days following the closing of this Offering, it shall not, directly or indirectly, sell, or offer to sell, or announce the offering of, or enter into or make any agreement or understanding, to issue or sell or exchange, any Common Shares or any securities exchangeable or convertible into Common Shares without the prior written consent of the Co-Lead Underwriters, for and on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed, other than (a) grants of Options or RSUs under the Option Plan and RSU Plan, respectively; and (b) issuances of Common Shares in connection with the exercise of outstanding Options under the Option Plan or the RSU Plan, or under the other existing incentive plans or convertible securities or instruments of the Corporation or Tamarack Acquisition Corp. existing on the date of this short form prospectus.

In the event that the Acquisition closes concurrently with the closing of the Offering (or the Over-allotment Option), the Corporation will issue Common Shares, rather than Subscription Receipts, to subscribers in this Offering.

The Corporation has applied to list the Subscription Receipts and Common Shares issuable pursuant to the Subscription Receipts (including the Subscription Receipts and the Common Shares, as applicable issuable pursuant to the Over-allotment Option) on the TSX-V. Listing of such securities will be subject to the Corporation fulfilling all of the applicable listing requirements of the TSX-V. **There is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "*Risk Factors*".**

The Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Securities are being offered and sold in the United States only to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act and offered and sold outside the United States in accordance with Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Securities within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

## RELATIONSHIP BETWEEN TAMARACK AND CERTAIN UNDERWRITERS

NBF and RBC, two of the Underwriters, are subsidiaries or affiliates of Lenders to Tamarack under the Credit Facility. In addition, ATB Financial is a minority shareholder of AltaCorp, one of the Underwriters. ATB Financial is a provincially regulated financial institution and is one of the Lenders under the Credit Facility. As a result, Tamarack may be considered to be a "connected issuer" of each of NBF, RBC and AltaCorp under applicable Canadian securities laws. As at June 30, 2014, the Corporation had approximately $43,734,511 owing under its credit facilities. On August 7, 2014 the Corporation amended and replaced such credit facilities with the Credit Facility. See Note (5) to the table under "*Consolidated Capitalization*" for a description of Tamarack's Credit Facility. The Corporation is presently in compliance with all material terms of the agreements governing the Credit Facility and the Lenders have not waived any breach by the Corporation of those agreements since execution. The existing Credit Facility is secured by a $300 million supplemental debenture with a floating charge over all of the assets of the Corporation. Apart from that and changes in market prices for oil, natural gas and natural gas liquids, neither the Corporation's financial position nor the value of the security under the Credit Facility has changed adversely since the indebtedness under the credit facilities was incurred. See "*Use of Proceeds*".

The decision to distribute the Subscription Receipts offered hereunder and the determination of the terms of this distribution were made through negotiations between Tamarack and the Co-Lead Underwriters, on their own behalf and on behalf of the other Underwriters. The Lenders did not have any involvement in such decision or determination but has been advised of this Offering and its terms. As a consequence of this Offering, NBF, RBC and AltaCorp will receive their respective shares of the Underwriters' fee payable by the Corporation to the Underwriters. See "*Use of Proceeds*".

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Corporation and McCarthy Tétrault LLP, counsel to the Underwriters (collectively, "**Counsel**"), the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) (the "**Tax Act**") to a purchaser who acquires Subscription Receipts pursuant to the Offering and who at all relevant times, for purposes of the Tax Act holds the Subscription Receipts and the Common Shares issued pursuant to the Subscription Receipts (together, the "**Securities**") as capital property, deals at arm's length with the Corporation and the Underwriters, and is not affiliated with, the Corporation or the Underwriters (a "**Holder**"). Generally, the Securities will be capital property to a Holder provided the Holder does not acquire or hold the Securities in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act, and Counsel's understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is based upon the understanding of Counsel that a Subscription Receipt evidences a right to acquire a Common Share on the satisfaction of certain conditions. No advance tax ruling in respect of the Offering has been sought from the CRA and Counsel is not aware of any judicial authority relating to this characterization.

This summary is not applicable to (i) a purchaser that is a "specified financial institution"; (ii) a purchaser an interest in which is a "tax shelter investment"; (iii) a purchaser that is a "financial institution" for purposes of certain rules referred to as the mark-to-market rules; (iv) a purchaser that makes or has made a "functional currency" reporting election ; or (v) a purchaser that enters into, with respect to their securities, a "derivative forward agreement", each as defined in the Tax Act. Such purchasers should consult their own tax advisors with respect to an investment in the Securities.

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of Subscription Receipts should consult their own tax advisors having regard to their own particular circumstances.**

## Taxation of Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who at all relevant times, for the purposes of the Tax Act, is, or is deemed to be resident in Canada (a "**Resident Holder**"). Certain Resident Holders whose Common Shares do not otherwise qualify as capital property may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) the effect of which may be to deem to be capital property any Common Shares (and any other "Canadian security", as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. Resident Holders whose Common Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election. Any such election will not apply to deem Subscription Receipts to be capital property.

### Subscription Receipts

*Issuance of Common Shares*

No gain or loss will be realized by a Resident Holder on the issuance of a Common Share pursuant to a Subscription Receipt. The Resident Holder's cost of a Common Share issued pursuant to a Subscription Receipt will generally be equal to the amount paid by such Resident Holder to acquire the Subscription Receipt. The cost of any Common Shares acquired pursuant to the Subscription Receipts must be averaged with the adjusted cost base of any other Common Shares held by the Resident Holder to determine the adjusted cost base of each Common Share held.

*Disposition of Subscription Receipts*

A disposition or deemed disposition by a Resident Holder of a Subscription Receipt, other than on the exchange thereof for a Common Share, but including on the repayment of the issue price thereof by the Corporation in the event the Acquisition is not completed before the Termination Time, will generally result in the Resident Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the Resident Holder's adjusted cost base of such Subscription Receipt and any reasonable costs of disposition. See *"Taxation of Capital Gains and Capital Losses*"

In the event that a Resident Holder becomes entitled to the repayment of the issue price of a Subscription Receipt as a consequence of the Acquisition not becoming effective prior to the Termination Time, any amount that is paid to the Resident Holder by the Corporation as or on account of interest on the Escrowed Funds will be included in the Resident Holder's income and excluded from the Resident Holder's proceeds of disposition.

*Interest on Escrowed Funds*

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing income for a taxation year any interest accrued to the Resident Holder on the Escrowed Funds to the end of the Resident Holder's taxation year, or that is receivable or received by the Resident Holder before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder's income for a preceding taxation year. Any other Resident Holder that is entitled to receive its share of interest earned on the Escrowed Funds will be required to include in income for a taxation year such interest as is received or receivable by the Resident Holder in that taxation year, depending on the method regularly followed by the Resident Holder in computing income.

A Resident Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax of 6⅔%, refundable in certain circumstances, on certain investment income, including interest and taxable capital gains.

**Common Shares**

*Dividends on Common Shares*

Dividends received or deemed to be received on the Common Shares will be included in computing the Resident Holder's income. In the case of an individual Resident Holder (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received from taxable Canadian corporations (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit applicable to any dividends designated by the Corporation as an eligible dividend in accordance with the provisions of the Tax Act. A dividend received or deemed to be received by a Resident Holder that is a corporation will generally be deductible in computing the corporation's taxable income, subject to all relevant restrictions under the Tax Act.

A Resident Holder that is a private corporation (as defined in the Tax Act), or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) will generally be liable to pay a refundable tax of 33⅓% under Part IV of the Tax Act on dividends received or deemed to be received on Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

*Disposition of Common Shares*

Generally, a Resident Holder who disposes of or is deemed to have disposed of a Common Share will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the Common Share immediately before the disposition or deemed disposition. *See "Taxation of Capital Gains and Capital Losses".*

**Taxation of Capital Gains and Capital Losses**

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares, to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax of 6⅔%, refundable in certain circumstances, on certain investment income, including interest and taxable capital gains.

**<u>Taxation of Holders Not Resident in Canada</u>**

This portion of the summary is generally applicable to a Holder who at all relevant times, for the purposes of the Tax Act, is not, and is not deemed to be, resident in Canada and does not use or hold and is not deemed to use or hold any Securities in a business carried on in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a non-Canadian holder that is an insurer that carries on an insurance business in Canada or elsewhere.

**Issuance of Common Shares**

No gain or loss will be realized by a Non-Resident Holder on the issuance of a Common Share pursuant to a Subscription Receipt.

**Disposition of Securities**

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gains realized on the disposition or deemed disposition of a Subscription Receipt or a Common Share issued pursuant to a Subscription Receipt, as the case may be, unless the Subscription Receipt or the Common Share issued pursuant to a Subscription Receipt, as the case may be, is "taxable Canadian property" to the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts will not constitute taxable Canadian property to a Non-Resident Holder at a particular time provided that the Common Shares are listed at that time on a designated stock exchange (which includes the TSX-V), unless at any particular time during the 60-month period that ends at that time (1) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal with at arm's length (within the meaning of the Tax Act), or the Non-Resident Holder together with all such persons, has owned 25% or more of the issued shares of any class or series of the capital stock of the Corporation and (2) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada, (ii) "Canadian resource properties" (as defined in the Tax Act), (iii) "timber resource properties" (as defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing whether or not the property exists. Under the proposed amendments to the Tax Act released by the Minister of Finance (Canada) on July 12, 2013, the 25% ownership test will apply to shares of the particular corporation owned by one or any combination of the Non-Resident Holder, persons with whom the Non-Resident Shareholder does not deal at arm's length, and partnerships whose members include, either directly or indirectly through one or more partnerships, the Non-Resident Shareholder or persons that do not deal at arm's length with the Non-Resident Shareholder. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Securities could be deemed to be taxable Canadian property.

Non-Resident Holders whose Securities may constitute taxable Canadian property should consult their own tax advisors.

**Canadian Withholding Tax**

Dividends paid or credited on Common Shares or deemed to be paid or credited on the Common Shares to a Non-Resident Holder will be subject to non-resident withholding tax under the Tax Act at a rate of 25%, subject to reduction under the provisions of an applicable income tax treaty or convention.

If the Acquisition is not completed before the Termination Date, the repayment of the issue price (including any amount paid as or on the account of interest on the Escrowed Funds) to a Non-Resident Holder will not generally be subject to non-resident withholding tax under the Tax Act.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Osler Hoskin & Harcourt LLP, counsel to the Corporation, and McCarthy Tétrault LLP, counsel to the Underwriters, based on the provisions of the Tax Act and the regulations thereunder in force on the date hereof, the Subscription Receipts will be qualified investments at the time of acquisition by a trust governed by a registered retirement savings plan (''**RRSP**''), registered retirement income fund (''**RRIF**''), deferred profit sharing plan, registered education savings plan, registered disability savings plan, or a tax-free savings account (''**TFSA**''), each as defined in the Tax Act (each a ''**Plan**'') provided that, at the time of the acquisition by the Plan, either the Subscription Receipts are listed on a ''designated stock exchange'' as defined in the Tax Act, (which includes the TSX-V) at that time, or the Common Shares of the Corporation are listed on a designated stock exchange at that time and the Corporation deals at arm's length with each person who is an annuitant, a beneficiary, an employer or a subscriber under such Plan.

Provided the Common Shares issuable pursuant to the Subscription Receipts are listed on a designated stock exchange at the time such Common Shares are issued, such Common Shares, will be qualified investments under the Tax Act for the Plans at such time.

Notwithstanding that the Subscription Receipts and Common Shares issuable on the exchange of the Subscription Receipts may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant of an RRSP or RRIF will be subject to a penalty tax on the Subscription Receipts and Common Shares and other tax consequences may result if the Subscription Receipts or Common Shares are a "prohibited investment" for the TFSA, RRSP or RRIF, as the case may be. The Subscription Receipts and Common Shares will not be a "prohibited investment" if the holder of a TFSA or the annuitant of an RRSP or RRIF as the case may be, deals at arm's length with the Corporation for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in the Corporation. However, Common Shares will not be a "prohibited investment" if the Common Shares are "excluded property" (as defined in the Tax Act) for trusts governed by such RRSP, RRIF or TFSA. Prospective purchasers who intend to hold Subscription Receipts or Common Shares in a TFSA, RRSP or RRIF should consult their own tax advisors regarding their particular circumstances.

## RISK FACTORS

An investment in the Subscription Receipts and Common Shares should be considered highly speculative due to various factors, including certain risks relating to the Acquisition such as the possible failure to complete the Acquisition, the possible failure to realize the anticipated benefits of the Acquisition, any additional indebtedness incurred in connection with the Acquisition and the nature of the Corporation's involvement in the exploration for, and the acquisition, development and production of, oil and natural gas reserves. The Corporation's business is subject to the risks normally encountered in the oil and natural gas industry such as the marketability of oil and natural gas, competition with companies having greater resources, acquisition, exploration and production risks, need for capital, fluctuations in the market price and demand for oil and natural gas and the regulation of the oil and natural gas industry by various levels of government. The oil and natural gas reserves and recovery information incorporated by reference in this short form prospectus are estimates only and the actual production and ultimate reserves recovered from the Corporation's properties and acquisitions may be greater or less than the estimates contained in this short form prospectus and the documents incorporated by reference therein. The success of the Acquisition and future acquisitions and further exploration or development projects cannot be assured. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Risk factors relating to the Corporation are discussed in the AIF and the Corporation's management's discussion and analyses, which are incorporated by reference in this short form prospectus. These risk factors, together with all of the other information included or incorporated by reference in this short form prospectus, should be carefully reviewed and considered before a decision is made to invest in the securities offered hereunder. Such risks may not be the only risks facing the Corporation. Additional risks not currently known may also negatively impact the Corporation's business operations and results of operations.

### Possible Failure to Complete the Acquisition

The Acquisition is subject to normal commercial risks that the transaction may not be completed on the terms negotiated or at all. In addition, if the Acquisition does not take place by the Termination Time, then the Subscription Receipts will be cancelled and the Escrow Agent and the Corporation must repay to holders of Subscription Receipts an amount equal to the subscription price thereof plus a *pro rata* share of the interest earned on the Escrowed Funds. In that case, the total return that a purchaser of Subscription Receipts would be entitled to receive would be limited to the purchaser's *pro rata* share of interest earned on the subscription price for such purchaser's Subscription Receipts. The purchaser would not be entitled to participate in any growth in the trading price of the Common Shares. Further, the purchaser would be restricted from using the funds devoted to the acquisition of the Subscription Receipts for any other investment opportunities until the Escrowed Funds are returned to the purchaser. If closing of the Acquisition does not take place as contemplated, in accordance with the terms of the Acquisition Agreement, the Corporation could suffer adverse consequences, including the forfeiture of deposits or the loss of investor confidence.

**Possible Failure to Realize Anticipated Benefits of the Acquisition**

The Corporation is proposing to complete the Acquisition to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of the Acquisition and future acquisitions the Corporation may complete depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of the Acquired Assets requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of the Acquisition and future acquisitions.

As described above under "*The Acquisition*", ROFR Assets constitute approximately 1.4% of the total current production and proved reserves as at June 30, 2014 of the Acquired Assets and, although the exact amount has not been determined at this time, the Corporation anticipates that ROFR Assets will be allocated a value of approximately 1.2% ($1,938,000) of the Purchase Price. To the extent that third parties appropriately exercise such ROFRs, the Corporation will still be required to complete the Acquisition but will not acquire title to the ROFR Assets and will not be required to pay the portion of the Purchase Price to the Vendors attributable to such ROFR Assets. However, if the Acquisition is completed, the Subscription Receipts will be converted into the Common Shares issuable pursuant to the Subscription Receipts and the Corporation will receive the full amount of the proceeds from the Offering. Such use of proceeds may not generate the additional cash flow that would have been generated from the ROFR Assets for which the ROFRs were exercised, and there can be no assurance that the Corporation will identify uses for such proceeds that will be as beneficial to the Corporation as the acquisition of the ROFR Assets that were not acquired by the Corporation.

Furthermore, all of the historical reserves and operational information, and the revenues, royalties and operating expenses associated with such ROFR Assets will be reduced in a proportion generally equivalent to the proportion of the Acquired Assets in respect of which the ROFRs are exercised.

**Satisfaction of Conditions Precedent**

The completion of the Acquisition is subject to a number of conditions, including receipt of all necessary approvals under the *Competition Act* (Canada) and by the Alberta Energy Regulator, certain of which are outside the control of the Corporation or the Vendor. There is no certainty, nor can the Corporation provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.

**Potential Undisclosed Liabilities Associated with the Acquisition**

In connection with the Acquisition, there may be liabilities that the Corporation failed to discover or was unable to quantify in its due diligence which it conducted prior to the execution of the Acquisition Agreement and which could have a material adverse effect on the Corporation' business, financial condition or future prospects. In addition, the Corporation may not be indemnified for some or all of these liabilities. The Vendor has not certified that the disclosure in this short form prospectus relating to the Acquisition or the Acquired Assets constitutes full, true and plain disclosure in respect thereof. The Vendor and its partners and their respective directors and officers will have no liability to purchasers of Subscription Receipts (or Common Shares) if the disclosure in this short form prospectus contains any misrepresentation relating to the Acquisition or the Acquired Assets.

**Operational, Environmental and Reserves Risks Relating to the Acquired Assets**

The risk factors set forth in the AIF and in this short form prospectus relating to the oil and natural gas business, the operations and reserves of the Corporation, environmental concerns, abandonment and reclamation costs, impact of future capital expenditures, permit and license risks, title issues and aboriginal claims, among others, apply equally in respect of the Acquired Assets that the Corporation intends to acquire pursuant to the Acquisition. Further, there may be liabilities that Tamarack may have failed to discover or was unable to quantify in the due diligence which Tamarack conducted prior to the execution of the Acquisition Agreement relating to the Acquisition.

**Possible Failure to Complete the Private Placement**

There can be no assurance that the Private Placement will be completed on the terms set forth in the applicable underwriting agreement, or at all. In addition, completion of the Private Placement is subject to the satisfaction of certain conditions, including receipt of TSX-V approval. Failure to complete the Private Placement may impact Tamarack's ability to fund its capital expenditure program in the future which may have a material adverse affect on the market price and value of the Common Shares and on the financial condition of Tamarack.

**Dilutive Effect**

The issuance of Flow-Through Shares pursuant to the Private Placement, if completed, will have an immediate dilutive effect on the ownership interest in Tamarack to subscribers participating in the Offering who receive Common Shares issuable to Subscription Receipts upon satisfaction of the Escrow Release Conditions.

**Market for Securities**

The Corporation has applied to list the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts (including the Subscription Receipts issuable pursuant to the Over-allotment Option and the Common Shares issuable thereunder) on the TSX-V. There is currently no market through which the Subscription Receipts may be sold and there is no guarantee that an active trading market will develop. Accordingly, purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and the availability of trading prices and the liquidity of the securities. There can be no assurance that an active trading market will develop for the Subscription Receipts after the Offering, or if developed, that such a market will be sustained at the Offering Price.

**Risks Associated with Acquisitions**

Acquisitions of oil and natural gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and natural gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Corporation. All such assessments involve a measure of geological, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Although select title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Corporation's title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are not greater than anticipated. Such deficiencies or defects could adversely affect the value of the Acquired Assets and the Corporation's securities.

**Use of Proceeds**

As set out under "*Use of Proceeds*" in this short form prospectus, upon release of the Escrowed Funds from escrow by the Escrow Agent to the Corporation or to the Vendor as directed by the Corporation and in addition to the Deposit, the Corporation intends to use the net proceeds from the Offering together with drawdowns under the New Facilities and/or the Bridge Facility to pay for the Purchase Price and complete the Acquisition. Although this allocation is based on the current expectations of management of the Corporation, there may be circumstances where, for business reasons, a reallocation of funds may be necessary as may be determined at the discretion of the

Corporation and there can be no assurance as of the date of this short form prospectus as to how those funds may be reallocated.

**Market Conditions**

As a result of the weakened global economic situation and its possible effect on oil, natural gas and other commodity prices, the Corporation, along with all other oil and natural gas issuers, may face reduced cash flow and restricted access to capital until these conditions improve. A prolonged period of adverse market conditions may impede the Corporation's ability to finance planned capital expenditures. In addition, a prolonged period of adverse market conditions may impede the Corporation's ability to refinance its Credit Facility or arrange alternative financing when the Credit Facility becomes due or if the lending limits under the Credit Facility are reduced upon periodic review. In each case, the Corporation's ability to maintain and grow its reserves and fully exploit its properties for the benefit of the Shareholders would be adversely affected.

**Credit Facility Risk**

The amount authorized under the Credit Facility is dependent on the borrowing base determined by the Lenders. The Corporation is required to comply with covenants under the Credit Facility, which include certain financial ratio tests, which from time to time either affect the availability, or price, of additional funding and in the event that the Corporation does not complete therewith, the corporation's access to capital could be restricted or repayment could be required. The failure of the Corporation to comply with such covenants, which may be affected by events beyond the Corporation's control, could result in the default under the Credit Facility which could result in the Corporation being required to repay amounts owing thereunder. Even if the Corporation is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing, the lenders under the Credit Facility could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default and cross-acceleration provisions. In addition, the Credit Facility may, from time to time, impose operating and financial restrictions on the Corporation that could include restrictions on, the payment of dividends, repurchase or making of other distributions with respect to the Corporation's securities, incurring of additional indebtedness, provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

The Corporation's borrowing base is determined and re-determined by the Lenders based on the Corporation's reserves, commodity prices, applicable discount rate and other factors as determined by the Corporation's lenders. A material decline in commodity prices could reduce the Corporation's borrowing base, therefore reducing the funds available to the Corporation under the Credit Facility which could result in a portion, or all, of the Corporation's bank indebtedness be required to be repaid.

**Additional Indebtedness**

Prior to the closing of the Acquisition, the Corporation intends to replace the Credit Facility with the New Facilities. In order to finance a portion of the Acquisition that is not being financed by the proceeds of the sale of the Subscription Receipts, the Corporation intends to draw down additional indebtedness under the New Facilities and/or the Bridge Facility which will be eliminated upon closing of the Acquisition. The additional indebtedness incurred by the Corporation will increase the interest payable by the Corporation from time to time until such amounts are repaid, which will represent an increase in the Corporation's cost and a potential reduction in the Corporation's income. In addition, the Corporation may need to find additional sources of financing to repay this amount when it becomes due. There can be no guarantee that the Corporation will be able to obtain financing on terms acceptable to it or at all at such time.

Furthermore, if the Corporation becomes unable to pay its debt service charges or otherwise commits an event of default under the terms of its existing Credit Facility or the New Facilities, as the case may be, then the Corporation may be forced to sell some of its assets or properties. The proceeds of any such sale would be applied to satisfy amounts owed to the Corporation's lenders and other creditors and only the remainder, if any, would be available to the Corporation.

**Volatility of Market Price of Common Shares**

The market price of the Common Shares may be volatile. Volatility in the market price of Common Shares may affect the ability of holders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Advisories – Forward-Looking Statements*". In addition, the market price for securities on the stock markets, including the TSX-V, have experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionally related to changes in the Corporation's operating performance. These broad market fluctuations may adversely affect the market prices of the Common Shares.

**Future Financing**

The Corporation may require future financing through the issuance of equity or debt to fund its future exploration, development and operations. There can be no assurance that additional financing will be available to the Corporation when needed or on terms acceptable to the Corporation. The Corporation's inability to raise funds to support ongoing operations and to fund capital expenditures or acquisitions may limit the Corporation's growth or may have a material adverse affect upon the Corporation. The Corporation cannot predict the size of future issuances of equity or the issuance of debt or the effect, if any, that future issuances and sales of the Corporation's securities will have on the market price of the Common Shares. The Corporation may complete additional equity financings and such financings may have a dilutive effect on holdings of shareholders of the Corporation.

**Forward-Looking Statements and FOFI May Prove Inaccurate**

Investors are cautioned not to place undue reliance on forward-looking statements and FOFI. By their nature, forward-looking statements and FOFI involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. FOFI presented in this short form prospectus is based upon the completion of the Acquisition and the Offering and if these transactions are not completed or not completed on the terms or timelines contemplated, this will impact the FOFI provided herein and such impact may be material.

Additional information on the risks, assumptions and uncertainties are found in this short form prospectus under the heading "*Advisories – Forward-Looking Statements*".

## AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Corporation are KPMG LLP, Chartered Accountants. Computershare Trust Company of Canada is the registrar and transfer agent for the Common Shares at its principal office in Calgary, Alberta.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this short form prospectus or in any of the documents incorporated by reference herein, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer or any shareholder of Tamarack holding more than 10% of the Common Shares or any associate or affiliate of any of the foregoing in any transaction within the three most recently completed financial years or during the current financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

## ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES

Mr. Floyd Price, a director of the Corporation resides outside of Canada. Mr. Price has appointed Osler, Hoskin & Harcourt LLP, Suite 2500, TransCanada Tower, 450 - 1st Street S.W. Calgary, Alberta T2P 5H1 as his agent for service of process in Alberta. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against a person that resides outside of Canada, even if the party has appointed an agent for service of process.

## LEGAL PROCEEDINGS

There are no legal proceedings that the Corporation is or was a party to, or that any of its property is or was a subject of, that were or are material to the Corporation, nor are any such legal proceedings known to the Corporation to be contemplated which could be deemed material to the Corporation.

To the knowledge of management of the Corporation, there have not been any penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, and the Corporation has not entered into any settlement agreement before a court relating to securities legislation or with a securities regulatory authority.

## INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Osler, Hoskin & Harcourt LLP on behalf of the Corporation and McCarthy Tétrault LLP on behalf of the Underwriters. As at the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP and McCarthy Tétrault LLP and their designated professionals, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares. Ms. Noralee Bradley, Corporate Secretary of the Corporation, is a partner of Osler, Hoskin & Harcourt LLP.

Reserves estimates incorporated by reference into this short form prospectus are based upon reports by GLJ Petroleum Consultants Ltd. ("**GLJ**"), the Corporation's independent reserves evaluator. As of the date hereof, none of the "designated professionals" (as defined in Form 51-102F2 under National Instrument 51-102 – *Continuous Disclosure Obligations*) of GLJ has any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation.

This short form prospectus contains reserve estimates with respect to the Acquired Assets prepared by Dave Christensen, Vice President, Engineering of the Corporation, who is a qualified reserves evaluator in accordance with NI 51-101. As of the date hereof, Dave Christensen beneficially owns, directly and indirectly, less than 1% of the outstanding securities of the Corporation.

KPMG LLP, Chartered Accountants, are the auditors of Tamarack. KPMG LLP has confirmed that they are independent of Tamarack within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and by applicable legislation or regulations.

KPMG LLP, Chartered Accountants have audited Schedule "A" of this short form prospectus – "*Operating Statement of Revenue, Royalties, Production Expenses and Operating Income*", being the operating statements of the Acquired Assets. KPMG LLP has confirmed that they are independent of Tamarack within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and by applicable legislation or regulations.

Deloitte LLP, Chartered Accountants, were the auditors of Sure Energy. Deloitte LLP has confirmed that they were independent of Sure Energy within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

## STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may only be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts under the Offering will have a contractual right of rescission following the issuance of Common Shares to such purchaser upon the exchange of the Subscription Receipts to receive the amount paid for the Subscription Receipts if this short form prospectus (including documents incorporated by reference) or any amendment contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of closing of the Offering.

**SCHEDULE "A" – OPERATING STATEMENT OF REVENUE, ROYALTIES, PRODUCTION EXPENSES AND OPERATING INCOME**

**KPMG LLP**
205-5th Avenue SW
Suite 3100, Bow Valley Square 2
Calgary AB
T2P 4B9

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# INDEPENDENT AUDITORS' REPORT

To the Directors of Tamarack Valley Energy Ltd.

We have audited the accompanying operating statement containing revenue, royalties, production expenses and operating income of certain oil and gas properties in the Wilson Creek area of Alberta ("Wilson Creek Acquisition") for the year ended December 31, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information (together "the operating statement").

### *Management's Responsibility for the Operating Statement*

Management of Tamarack Valley Energy Ltd. is responsible for the preparation of this operating statement in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards,* for an operating statement of an acquired oil and gas property, and for such internal control as management determines is necessary to enable the preparation of the operating statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the operating statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the operating statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the operating statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the operating statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the operating statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management as well as evaluating the overall presentation of the operating statement.

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

### *Opinion*

In our opinion, the operating statement of the Wilson Creek Acquisition for the year ended December 31, 2013 is prepared, in all material respects, in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards,* for an operating statement of an acquired oil and gas property.

### *Other Matter*

The operating statement for the year ended December 31, 2012 is unaudited.

KPMG LLP

Chartered Accountants

September 9, 2014
Calgary, Canada

## TAMARACK VALLEY ENERGY LTD.
## (Wilson Creek Acquisition)

Operating Statement

For the six months ended June 30, 2014 and 2013 (unaudited) and the years ended December 31, 2013 (audited) and 2012 (unaudited)

| | Six months ended June 30, | | Years ended December 31, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2013 | 2012 |
| Revenue: | | | | |
| Oil and natural gas | $22,593,515 | $39,429,333 | $66,524,828 | $24,311,171 |
| Royalties | (2,098,757) | (2,789,513) | (4,786,891) | (1,792,778) |
| | 20,494,758 | 36,639,820 | 61,737,937 | 22,518,393 |
| Expenses: | | | | |
| Production | 6,001,522 | 5,900,586 | 10,505,941 | 6,466,606 |
| Operating Income | $14,493,236 | $30,739,234 | $51,231,996 | $16,051,787 |

See accompanying notes to the operating statement.

## 1. Basis of presentation:

On September 3, 2014, Tamarack Energy Ltd. (“Tamarack”) entered into a definitive purchase and sale agreement to acquire certain petroleum and natural gas properties in the Wilson Creek area of Alberta (the “Wilson Creek Acquisition”). The Wilson Creek Acquisition has not closed yet. The operating statement reflects the revenue, royalties, production expenses and operating income of the Wilson Creek Acquisition properties for the six months ended June 30, 2014 and 2013 and the years ended December 31, 2013 and 2012 and accordingly, does not present the complete revenue and expenses related to these properties.

The operating statement has been prepared by the management of Tamarack from the records of the vendor of the Wilson Creek Acquisition and includes only working interest revenue, royalties and production expenses of the Wilson Creek Acquisition. The operating statement does not include any provision for depletion, depreciation and amortization, accretion of the decommissioning obligation, future capital costs, impairment of unevaluated properties, general and administrative expense and income taxes for the Wilson Creek Acquisition as these amounts are based on the consolidated operations of the vendor of which the Wilson Creek Acquisition forms only a part.

The operating statement has been prepared in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107 – Acceptable Accounting Principles and Auditing Standards for business statements that are an operating statement of an oil and gas property. The revenue, royalties, production expenses and operating income reported in the operating statement for the six months ended June 30, 2014 and 2013 along with the years ended December 31, 2013 and 2012 are stated in accordance with International Financial Reporting Standards (“IFRS”).

## 2. Significant Accounting Policies

### Revenue recognition

Petroleum and natural gas revenues are recognized when the commodities are delivered and title passes to the external third-party purchaser. Petroleum and natural gas revenues are based on realized prices determined at the field level and do not reflect any of the vendors corporate marketing activities. Revenue does not include any amounts from financial derivative contracts.

### Royalties

Royalties are recorded at the time the product is produced and sold. Royalties are calculated in accordance with the applicable regulations and/or terms of individual royalty agreements.

### Production expense

Production expenses include all the costs related to the lifting, gathering, processing and delivery to a sales point of the petroleum and natural gas.

### Joint operations

As the properties in Wilson Creek Acquisition are jointly operated, the operating statement only reflects the proportionate interest acquired by Tamarack.

## SCHEDULE "B" – UNAUDITED *PRO FORMA* OPERATING STATEMENTS

# TAMARACK VALLEY ENERGY LTD.

Pro Forma Operating Statement
For the six months ended June 30, 2014
(unaudited)

| | Tamarack Valley Energy Ltd. | Wilson Creek Acquisition | Pro Forma |
|---|---|---|---|
| Revenue: | | | |
| Oil and natural gas | $56,820,520 | $22,593,515 | $79,414,035 |
| Royalties | (7,160,888) | (2,098,757) | (9,259,645) |
| | 49,659,632 | 20,494,758 | 70,154,390 |
| Expenses: | | | |
| Production | 11,778,531 | 6,001,522 | 17,780,053 |
| Operating Income | $37,881,101 | $14,493,236 | $52,374,337 |

See accompanying notes to the pro forma operating statements.

## TAMARACK VALLEY ENERGY LTD.

Pro Forma Operating Statement
For the year ended December 31, 2013
(unaudited)

| | Tamarack Valley Energy Ltd. | Wilson Creek Acquisition | Sure Energy Inc. | Adjustment (Note 3) | Pro Forma |
|---|---|---|---|---|---|
| Revenue: | | | | | |
| Oil and natural gas | $70,059,021 | $66,524,828 | $9,461,000 | $5,238,803 | $151,283,652 |
| Royalties | (7,175,840) | (4,786,891) | (1,129,000) | (1,045,882) | (14,137,613) |
| | 62,883,181 | 61,737,937 | 8,332,000 | 4,192,921 | 137,146,039 |
| Expenses: | | | | | |
| Production | 15,714,769 | 10,505,941 | 3,684,000 | 2,138,925 | 32,043,635 |
| Operating Income | $47,168,412 | $51,231,996 | $4,648,000 | $2,053,996 | $105,102,404 |

See accompanying notes to the pro forma operating statements.

# TAMARACK VALLEY ENERGY LTD.

NOTES TO THE PRO FORMA OPERATING STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)

**1. Basis of presentation:**

These pro forma operating statements of Tamarack Valley Energy Ltd. ("Tamarack") have been prepared to reflect the following completed and proposed acquisitions:

- On September 3, 2014, Tamarack entered into a definitive purchase and sale agreement to acquire certain petroleum and natural gas properties in the Wilson Creek area of Alberta (the "Wilson Creek Acquisition"). The Wilson Creek Acquisition has not closed yet.

- On October 9, 2013, Tamarack acquired all of the issued and outstanding shares of Sure Energy Inc. ("Sure Energy").

The pro forma statements have been prepared by management from information derived from the following:

- Tamarack's audited consolidated financial statements for the year ended December 31, 2013 and unaudited condensed consolidated interim financial statements for the six months ended June 30, 2014.

- Wilson Creek Acquisition properties audited operating statement for the year ended December 31, 2013 and unaudited operating statement for the six months ended June 30, 2014.

- Sure Energy unaudited condensed interim financial statements for the six months ended June 30, 2013.

The pro forma operating statements do not include any provision for depletion, depreciation and amortization, accretion of the decommissioning obligation, future capital costs, impairment of unevaluated properties, general and administrative costs and income taxes as these amounts are based on the operations of Tamarack.

The pro forma operating statements have been prepared by management in accordance with applicable Canadian securities legislation.

**2. Significant Accounting Policies**

**Revenue recognition**

Petroleum and natural gas revenues are recognized when the commodities are delivered and title passes to the external third-party purchaser. Petroleum and natural gas revenues are based on realized prices determined at the field level and do not reflect any of the vendors corporate marketing activities. Revenue does not include any amounts from financial derivative contracts.

**Royalties**

Royalties are recorded at the time the product is produced and sold. Royalties are calculated in accordance with the applicable regulations and/or terms of individual royalty agreements.

**Production expense**

Production expenses include all the costs related to the lifting, gathering, processing and delivery to a sales point of the petroleum and natural gas.

**Joint operations**

A portion of the petroleum and natural gas activities are conducted jointly with others and accordingly these pro forma operating statements reflect the proportionate interest in such activities.

## 3. Pro forma adjustments

Tamarack has included in the adjustments column oil and natural gas revenues, royalties, production expenses and operating income based on the Sure Energy unaudited accounting records for the period from July 1, 2013 to October 9, 2013 as the acquisition of Sure Energy closed on October 9, 2013.

## CERTIFICATE OF THE CORPORATION

Dated: September 9, 2014

This short form prospectus (which includes the marketing materials included or incorporated by reference), together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

| | |
|---|---|
| (signed) "*Brian Schmidt*"<br>President and Chief Executive Officer | (signed) "*Ron Hozjan*"<br>Vice President, Finance and Chief Financial Officer |

On behalf of the Board of Directors

| | |
|---|---|
| (signed) "*David MacKenzie*"<br>Director | (signed) "*Dean Setoguchi*"<br>Director |

## CERTIFICATE OF THE UNDERWRITERS

Dated: September 9, 2014

To the best of our knowledge, information and belief, this short form prospectus (which includes the marketing materials included or incorporated by reference), together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

**DUNDEE SECURITIES LTD.**

(signed) "*James Heaps*"

**NATIONAL BANK FINANCIAL INC.**

(signed) "*Arun Chandrasekaran*"

**MACQUARIE CAPITAL MARKETS CANADA LTD.**

(signed) "*Robert F. Colcleugh*"

**GMP SECURITIES L.P.**

(signed) "*Wade Felesky*"

**CLARUS SECURITIES INC.**

(signed) "*Danny C. Mah*"

**PETERS & CO. LIMITED**

(signed) "*Cameron E. Plewes*"

**RBC DOMINION SECURITIES INC.**

(signed) "*Greg Heath*"

**ALTACORP CAPITAL INC.**

(signed) "*Mark Reynolds*"