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Tamarack Valley Energy Ltd. Announces Strategic Acquisitions, $72 Million Bought Deal Financing and Increased 2016 Guidance

Calgary, Alberta – June 20, 2016 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") is pleased to announce that it has entered into binding agreements to undertake two strategic asset acquisitions, the total aggregate cash consideration for which will be $85 million (the "**Acquisitions**"), subject to certain closing adjustments.

The first acquisition is a strategic consolidation of assets located in Tamarack's core operating areas of Redwater and Wilson Creek in Alberta (the "**Redwater Acquisition**"). This acquisition adds significant infrastructure, including an 82% ownership in a central oil battery at Redwater with capacity to handle 8,000 bbl/d of oil and 1.5 mmcf/d of natural gas which is expected to further improve Tamarack's industry-leading, low cost operations in both areas. The second acquisition is comprised of a light oil pool at Penny in Southern Alberta (the "**Penny Acquisition**"), which has only recovered 10% of estimated oil in place to date, has a decline rate of approximately 12-13%, and has been under waterflood for over 15 years.

The Acquisitions are expected to add approximately 1,900 boe/d (75% light oil and NGLs) in aggregate, and include 95 (60 net) total sections of land at Redwater and Wilson Creek, contiguous with Tamarack's existing Viking and Cardium interests. The Company has identified 57 total locations of which 20.3 net high quality, one year or less payout drilling locations on the acquired lands using current strip pricing and realized industry service costs.

Key features and benefits of each of the Acquisitions are outlined below.

The Acquisitions will be partially funded with a $72 million bought deal equity financing (the "**Financing**") led by National Bank Financial Inc., details of which are provided below under the heading 'Bought Deal Financing'.

Strategic Rationale

The Acquisitions are consistent with Tamarack's strategy to build a portfolio of oil-focused assets that are sustainable, reliable and with predictable growth, while maintaining a healthy balance sheet. This strategy gives management the flexibility to deliver efficient per share growth through technical and operational expertise, even at low commodity prices. The Acquisitions supplement Tamarack's existing contiguous positions in the Redwater and Wilson Creek areas, provide operating cost synergies and increase cash flow netbacks, plus add further economic drilling locations to Tamarack's inventory. Based on Tamarack's ability to improve efficiencies, reduce operating costs and increase netbacks across its existing asset base, the Company plans to apply the same principles to the assets to be acquired pursuant to the Acquisitions with the view to achieving similar results.

While Tamarack's existing Redwater and Wilson Creek areas are bolstered through the Acquisitions, the Company also gains a new strategic asset with large original-oil-in-place ("**OOIP**") of 71 mmboe, and is a low decline, light-oil pool at Penny which has been under waterflood for over 15 years. Due to its low production decline, minimal maintenance capital requirements and high netbacks, Penny represents a valuable engine for Tamarack's future growth with an ability to contribute stable and predictable free cash flow.

Key financial benefits of the Acquisitions and Financing are:

- Accretion to 2016 estimates is forecast to be 5% on cash flow per share (reflecting only a partial year of cash flow from the Acquisitions contributing to the 2016 forecast);
- Accretion of 14% to current annualized cash flow per share, assuming 12-month forward strip prices at June 17th (USD $49.53/bbl WTI and CAD $2.51/GJ AECO) and 7% on net asset value per share using current strip prices;
- Tamarack's H2/2016 operating netback is expected to increase by 19% to approximately $18.75/bbl from $15.80 prior to the Acquisitions, before the impact of any operating cost reductions, based on a H2/2016 $59.75/bbl Edmonton Par price and $2.20/GJ AECO price;
- Meaningful reductions in the Company's Q4 2016 net debt to cash flow ratio which decreases to 1.0 on 2016 cash flow (reflecting a partial year of cash flow from the Acquisitions) and to 0.85 on the estimated Q4 2016 annualized run-rate cash flow; and
- Based on early indications on lending values, the Company will exit 2016 with significant available liquidity on its anticipated credit facility drawn upon.

Features and benefits of the Redwater Acquisition:

- Current production of 850 boe/d (71% light oil and NGLs) with an approximate 20-22% decline rate and immediate synergies with existing operations;
- Contiguous lands to existing operations comprised of 95 (60 net) sections, with 46 (36 net) sections in the greater Redwater area and 49 (24 net) sections in the greater Wilson Creek area, including 4 (3.55 net) sections with 5 (4 net) Cardium and Manville drilling locations identified;
- A total of 14 (13 net) high-quality Viking drilling locations that payout in 1.5 years or less at current strip prices and 32 (30 net) total identified locations;
- A total of 8 (7.3 net) one-mile equivalent high-quality Cardium oil and Mannville gas drilling locations that payout in 1.5 years or less at current strip prices;
- Initial operating costs forecast at $21.80/boe, which is based on the historical performance of the acquired assets in Redwater. However, the Company believes that operating costs can be reduced at Redwater by $3.00-5.00/boe as a result of Tamarack's success in capturing operating synergies and its track record of successfully lowering operating costs; and
- Significant new infrastructure with an estimated replacement value of over $30 million, including 82% ownership in a central oil battery at Redwater with oil capacity of 8,000 bbl/d and gas handling of 1.5 mmcf/d.

Features and benefits of the Penny Acquisition:

- Current production of 1,050 boe/d (76% light oil and NGLs) from the Barons formation which has a decline rate of approximately 12-13%;

- 71 mmboe OOIP light oil pool under active waterflood, with only 10% recovered to date, with expected primary recoveries of 16%;
- Opportunity to increase the pool's recovery from 16% to 23% through waterflood optimization;
- Realized operating netbacks of $27.25/boe for the second half of 2016 based on a H2/16 $59.75/bbl Edmonton Par price and $2.20/GJ AECO price; and
- Key infrastructure consisting of four 100% owned oil batteries with combined oil capacity of over 2,000 bbls/d of capacity, two 100% owned gas plants with combined 12.5 mmcf/d capacity, multiple injectors and various field compression equipment, with an estimated aggregate replacement value of over $45 million.

Summary of the Acquisitions

Total purchase price(1)	$85 million
Estimated production (at closing)	1,900 boe/d (75% light oil and NGLs)
Forecasted annual decline rate on base production	16-18%
Land (net acres)	167,503 (126,963 net) acres
Total identified / bookable locations	57 / 44
Forecasted H2/16 operating netback(4)	$25.63/boe
Reserves (mmboe):	
Proved developed producing ("PDP") reserves(2)	6.4 (81% light oil and NGLs)
Proved reserves(2)	8.2 (85% light oil and NGLs)
Proved plus probable ("P+P") reserves(2)	13.0 (75% light oil and NGLs)
P+P RLI(3)	15.2 years
Reserves Value (PV_{10})	
PDP reserve value(2)	$87 million
Proved reserve value(2)	$102 million
P+P reserve value(2)	$152 million

Acquisitions Metrics

Estimated Production (at closing)	$44,750 per boe/d
Proved Reserves	$10.36/boe
P+P Reserves	$6.54/boe
Current cash flow multiple(5)	4.8x
P+P Recycle ratio	3.6x

Notes to the tables above:

1 The purchase price will be adjusted for activity that occurred between the effective date and the closing date of the Acquisitions.

2 Working interest reserves before the calculation for royalties and before the consideration of royalty interest reserves.

Reserves estimates are based on the Company's internal evaluation of what it estimates could be booked at June 30, 2016. The reserves were prepared in accordance with the Canadian Oil and Gas Evaluation Handbook by a member of Tamarack's management who is a qualified reserves evaluator in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. Reserve values are based on GLJ December 31, 2015 engineering pricing.

[3] The reserve life index ("RLI") is calculated by dividing P+P reserves estimated at June 30, 2016 with estimated production at closing.

[4] Operating netback does not have any standard meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback equals total petroleum and natural gas sales less royalties and operating costs calculated on a boe basis. Tamarack considers operating netback as an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices. The estimated operating netback was derived using the Company's H2/2016 commodity price forecast of $59.75/bbl for Edmonton Par price and $2.20/GJ for AECO.

[5] Cash flow multiple is calculated by dividing the purchase price by an estimate of funds from operations from the acquired asset on a run rate basis using the estimated production rate at closing. The estimated operating netback was derived using the Company's H2/2016 commodity price forecast of $59.75/bbl for Edmonton Par price and $2.20/GJ for AECO.

2016 Guidance and Growth Plan

These transactions demonstrate the continued successful execution of Tamarack's strategy. During this period of low commodity prices, the Company has been able to identify and capitalize on accretive acquisition opportunities that fit well within Tamarack's existing portfolio. Since inception, the Company has demonstrated its ability to enhance assets and improve returns by employing a technical approach combined with a strict cost-reduction focus. Integrating the acquired infrastructure with Tamarack's existing operations and ongoing cost-reduction initiatives is expected to result in a reduction of corporate operating costs of approximately $0.40-0.60/boe by the end of 2016 and contribute to improved operating netbacks in 2017.

As a result of the recent rise in oil prices and the positive impact of the Acquisitions, Tamarack has elected to increase its 2016 capital program and guidance ranges:

- Capital expenditure budget increased to between $45-$53 million (excluding the cost of the Acquisitions) from $40-57 million while continuing to invest within cash flow;
- Average estimated 2016 annual production guidance increased to between 9,700-10,000 boe/d (approximately 53-57% oil & NGLs);
- 2016 exit production rate increased to approximately 11,000 boe/d (approximately 53-57% oil & NGLs); and
- Assumes: 2016 WTI average $44/bbl - $47/bbl USD, 2016 Edmonton par price average $52/bbl - $56/bbl, 2016 AECO average $1.80/GJ to $2.00/GJ, Canadian/US dollar exchange rate range of $0.77 to $0.78.

Bought Deal Financing

In connection with the Acquisitions, Tamarack has entered into an agreement with a syndicate of underwriters, led by National Bank Financial Inc. (collectively, the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis: (i) 17,487,000 subscription receipts ("**Subscription Receipts**") of the Company at a price of $3.66 per Subscription Receipt for gross proceeds from the offering of Subscription Receipts of approximately $64 million (the "**Subscription Receipt Financing**"); and (ii) 1,952,000 common shares of the Company to be issued on a "CDE flow-through" basis (the "**CDE Flow-Through Shares**") at a price of $4.10 per CDE Flow-Through Share, for gross proceeds from the offering of CDE Flow-Through Shares of approximately $8 million. The aggregate gross proceeds from the sale of Subscription Receipts and CDE-Flow-Through Shares will be $72 million.

In addition, the Underwriters have been granted an over-allotment option under the Subscription Receipt Financing, exercisable for a period commencing at closing of the Financing (the "**Financing Closing**") and ending 30 days following Financing Closing, to purchase up to an additional 2,623,050 Subscription Receipts, at a price of $3.66 per Subscription Receipt, to cover over-allotments, if any, and for market stabilization purposes. If the over-allotment option is fully exercised, the aggregate gross proceeds from the Subscription Receipts and the Flow-Through Shares will be approximately $82 million.

Each Subscription Receipt shall entitle the holder thereof to receive, for no additional consideration and without further action on the part of the holder thereof, one common share of the Company, upon satisfaction of the Escrow Release Conditions (defined below). The gross proceeds of the Subscription Receipts (the "**Escrowed Funds**") will be held in escrow and will be released to the Company upon satisfaction of the following conditions (collectively, the "**Escrow Release Conditions**"): (i) all conditions precedent to the completion of either the Redwater Acquisition or the Penny Acquisition (except for the release of Escrowed Funds to satisfy a portion of the purchase price of the Redwater Acquisition or the Penny Acquisition, as applicable) have been satisfied in accordance with the terms of the agreements governing the Redwater Acquisition or the Penny Acquisition, as applicable, or waived; and (ii) receipt by the Company of all necessary regulatory and other approvals (including the approval of the Toronto Stock Exchange ("**TSX**") for any of the Acquisitions to be completed, as applicable, and the Subscription Receipt Financing.

In the event that: (i) neither the Redwater Acquisition nor the Penny Acquisition have not been completed by 5:00 p.m. (Calgary time) on September 30, 2016; (ii) both the Redwater Acquisition and the Penny Acquisition are terminated in accordance with the terms of the applicable acquisition agreement at an earlier time; or (iii) Tamarack has disclosed to the Underwriters or the public that it does not intend to proceed with both the Redwater Acquisition and the Penny Acquisition, the Escrowed Funds, together with their *pro rata* portion share of accrued interest thereon, shall be returned to the holders of the Subscription Receipts.

In the event that only one of the Redwater Acquisition or the Penny Acquisition has been completed, the balance of the proceeds from the Subscription Receipt Financing will be used for general corporate purposes.

The Company shall, pursuant to the provisions in the *Income Tax Act* (Canada), incur eligible Canadian development expenses (the "**Qualifying Expenditures**") after the Financing Closing and prior to December 31, 2016 in the aggregate amount of not less than the total amount of the gross proceeds raised from the issue and sale of the CDE Flow-Through Shares. The Company shall renounce the Qualifying Expenditures so incurred to the purchasers of the CDE Flow-Through Shares effective on or prior to December 31, 2016.

The Subscription Receipts and CDE Flow-Through Shares will be distributed by way of a short form prospectus in all provinces of Canada. The Subscription Receipts will be qualified outside of Canada on a private placement basis in the United States via Rule 144A to Qualified Institutional Buyers only under the U.S. Securities Act of 1933, as amended, the United Kingdom and certain other jurisdictions as the Company and the Underwriters may agree on a private placement basis. No prospectus will be required to be filed, or registration of the Subscription Receipts, or the underlying common shares will be required to be made, in any jurisdiction other than the Canadian jurisdictions.

Completion of the Acquisitions and the Financing are subject to certain conditions including the receipt of all necessary regulatory approvals, including the approval of the TSX and the securities regulatory authorities, as applicable. The Financing Closing is expected to occur on or about July 12, 2016 or such other date as agreed upon between Tamarack and the Underwriters. The Acquisitions are expected to close on or about July 31, 2016.

None of the Acquisitions are considered to be significant acquisitions for the purposes of Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

This press release is not an offer of the securities for sale in the United States. The securities have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

Advisors

National Bank Financial Inc. acted as financial advisor to Tamarack with respect to the Acquisitions.

Postponement of Annual General Meeting

As a result of the Financing, the Company has decided to postpone its upcoming annual general meeting of shareholders (the "**Meeting**") scheduled for June 21, 2016. The Meeting will now be held on Thursday, June 30, 2016 at 8:30 a.m. in the McMurray Room of the Calgary Petroleum Club at 319 – 5th Avenue S.W., Calgary, AB, Canada T2P 0L5. The record date for shareholders entitled to vote at the Meeting remains as May 18, 2016. Proxies must be mailed to or deposited with the Company's transfer agent, Computershare Trust Company of Canada, at 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario M5J 2Y1, Attention: Proxy Department or by fax at 1-866-249-7775 not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment or postponements thereof or may be accepted by the chairman of the Meeting at his discretion prior to the commencement of the Meeting.

About Tamarack Valley Energy Ltd.

Tamarack is an oil and gas exploration and production company committed to long-term growth and the identification, evaluation and operation of resource plays in the Western Canadian Sedimentary Basin. Tamarack's strategic direction is focused on two key principles – targeting repeatable and relatively predictable plays that provide long-life reserves, and using a rigorous, proven modeling process to carefully manage risk and identify opportunities. The Company has an extensive inventory of low-risk, oil development drilling locations focused primarily in the Cardium and Viking fairways in Alberta that are economic at a variety of oil and natural gas prices. With this type of portfolio and an experienced and committed management team, Tamarack intends to continue delivering on its strategy to maximize shareholder return while managing its balance sheet.

Abbreviations

bbls	Barrels
bbls/d	barrels per day
Boe	barrels of oil equivalent

boe/d	barrels of oil equivalent per day
Mboe	thousands barrels of oil equivalent
mcf	thousand cubic feet
MMcf	million cubic feet
Mbbls	million barrels
mcf/d	thousand cubic feet per day

Unit Cost Calculation

For the purpose of calculating unit costs, natural gas volumes have been converted to a barrel of oil equivalent ("boe") using six thousand cubic feet equal to one barrel unless otherwise stated. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms with Canadian Securities Regulators' NI 51–101. Boe's may be misleading, particularly if used in isolation.

Forward-Looking Information

This press release contains certain forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "potential", "intend", "focus", "estimate", "expect", "may", "will", "could", "should", or similar words suggesting future outcomes. More particularly, this press release contains statements concerning completion and timing of the Acquisitions and the Financing, the anticipated outcome and benefits of the Acquisitions, the renunciation of Qualifying Expenditures to be incurred by the purchasers of CDE Flow-Through Shares, Tamarack's planned future drilling plans, operations and strategy, projections contained in Tamarack's 2016 capital program and guidance, anticipated reductions to capital expenditures in the event of continued low commodity prices, forecast commodity prices, deployment of Tamarack's 2016 capital program and the timing of Tamarack's annual general meeting. The completion and timing of the Acquisitions and the Financing are based on a number of assumptions, including the timely receipt of all required regulatory approvals for the Acquisitions and the Financing and the satisfaction of other closing conditions in all material respects in accordance with the terms of the purchase and sale agreements with the sellers and underwriting agreement with the Underwriters, including that no event will occur that would trigger termination rights under the underwriting agreement with the Underwriters. The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Tamarack relating to the successful completion of the Acquisitions and Financing, prevailing commodity prices, the availability of drilling rigs and other oilfield services, the timing of past operations and activities in the planned areas of focus, the drilling, completion and tie-in of wells being completed as planned, the performance of new and existing wells, the application of existing drilling and fracturing techniques, the continued availability of capital and skilled personnel, the ability to maintain or grow the banking facilities and the accuracy of Tamarack's geological interpretation of its drilling and land opportunities. Although management considers these assumptions to be reasonable based on information currently available to it, undue reliance should not be placed on the forward-looking statements because Tamarack can give no assurances that they may prove to be correct.

By their very nature, forward-looking statements are subject to certain risks and uncertainties (both general and specific) that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures); commodity prices; the uncertainty of estimates and projections relating to production, cash generation, costs and expenses; health, safety, litigation and environmental risks; and access to capital. Due to the nature of the oil and natural gas industry, drilling plans and operational activities may be delayed or modified to react to market conditions, results of past operations, regulatory approvals or availability of services causing results to be delayed. Please refer to Tamarack's revised Annual Information Form ("**AIF**") dated March 24, 2016 for additional risk factors relating to Tamarack. The AIF is available for viewing under the Company's profile on www.sedar.com.

The forward-looking statements contained in this press release are made as of the date hereof and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement

Drilling Locations

This press release discloses drilling locations in two categories: (i) booked locations; and (ii) unbooked locations. Booked locations are proved locations and probable locations derived from an internal evaluation using standard practices as prescribed in the Canadian Oil and Gas Evaluations Handbook and account for drilling locations that have associated proved and/or probable reserves, as applicable. Of the 57 gross drilling locations identified herein, 40 are proved locations, 4 are probable locations and 13 are unbooked locations. Unbooked locations are internal estimates based on prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which the Company actually drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Original Oil in Place

Original Oil in Place is the equivalent to Discovered Petroleum Initially In Place ("**DPIIP**") for the purposes of this press release. DPIIP is defined as quantity of hydrocarbons that are estimated to be in place within a known accumulation. There is no certainty that it will be commercially viable to produce any portion of the resources.

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