TSX: TVE

Tamarack Valley Energy Ltd. Announces Operational Update, Record Fourth Quarter Production and Board Appointment

Calgary, Alberta – January 18, 2017 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") is pleased to provide an operational update, including confirmation of its record fourth quarter 2016 production volumes, and the appointment of Mr. John Leach to its Board of Directors.

Operational Update

During the quarter, Tamarack achieved record production that averaged approximately 11,453 boe/d (55% liquids) based on December field estimates, exceeding previous exit guidance of 11,000 boe/d. The assets acquired in the Spur Resources Ltd. ("**Spur**") transaction (the "**Spur Assets**") that closed on January 11, 2017, have outperformed initial expectations producing over 6,600 boe/d (57% liquids) based on field estimates in December, 2016, contributing to a pro-forma exit production rate of over 18,000 boe/d. Pro-forma debt estimated at closing on January 11, 2017 was approximately $138 million.

Tamarack's fourth quarter volumes are 6% higher than the previous quarter and 16% higher than the 2015 fourth quarter rate. Strong fourth quarter production is a result of continued successful drilling in the Wilson Creek / Alder Flats area of Alberta as well as positive performance from the Penny and Redwater assets that were acquired in June, 2016. These assets have continued to outperform expectations, with the assets in Penny averaging 1,194 boe/d (74% liquids) during the last week of December, 2016, an increase of 14% over the 1,050 boe/d reported when the acquisition was announced.

During the fourth quarter of 2016, the Company drilled six net horizontal oil wells, five of which were in the Wilson Creek / Alder Flats area and one in Penny. Three of the Wilson Creek wells were originally planned for 2017 but were accelerated into 2016 to capitalize on lower service costs and idle equipment. All three wells were completed during the first week of January, 2017 with equip and tie-in of the wells expected in the last half of January. Throughout 2016, the Company drilled a total of 22 (20.9 net) wells of which 14 (13.6 net) were in the Wilson Creek/ Alder Flats area.

2017 Capital Program Highlights

Tamarack has budgeted to drill 140 to 150 net wells in 2017, of which 122 to 130 will be Viking oil wells on the newly acquired Spur Assets. Approximately 80% of the budgeted Viking oil wells are anticipated to be drilled within the Consort, Veteran and Hoosier areas where operated infrastructure contributes to greater cost control and enhanced returns. The Company has also budgeted 12 to 14 net Cardium wells and two net Notikewin liquids-rich gas wells in the Wilson Creek / Alder Flats area as well as four net horizontal oil wells in the Penny area.

During the first quarter of 2017, the Company anticipates drilling 30-35 net Viking oil wells, including at least 20 extended reach horizontal ("**ERH**") wells in the Viking, five to six net Cardium oil wells plus one net Notikewin well at Alder Flats. Tamarack currently has four drilling rigs in operation and has successfully drilled one Notikewin liquids-rich gas well and one Cardium oil well in Alder Flats, two Viking oil wells in North Hoosier and one Viking oil well in Veteran in 2017.

Leading up to the closing of the acquisition, Tamarack was able to secure licenses for the first quarter Viking drilling program on the Spur Assets. Results from the first quarter Viking program will be used to plan the balance of the Company's Viking program expected to commence in mid-2017. Drilling and completions design optimization is expected to capture efficiencies and improve results across a larger Viking drilling program than previously executed on the Spur Asset base. Tamarack is also working on initiatives to increase longer-term drilling inventory and incremental reserves, including evaluating tighter well densities in certain areas and allocating a material percentage of the capital program to lower-risk step-out wells.

Reaffirmed 2017 Guidance

The Company's previously announced 2017 guidance is reaffirmed below:

- Annual average production between 19,000-20,000 boe/d (approximately 55-60% liquids), with 2017 exit production estimated between 20,000-21,000 boe/d (approximately 57-62% liquids);

- Capital expenditure range of $165 to $175 million, with first half 2017 expenditures $65 to $75 million;

- Estimated year end 2017 fourth quarter annualized debt to cash flow (including hedges) ratio below 0.9 times with an estimated $70-75 million of liquidity on the Company's existing credit facilities; and

- Assumed 2017 commodity prices: WTI averaging $55/bbl USD, Edmonton Par price averaging $64.45/bbl, AECO averaging $2.65/GJ and a Canadian/US dollar exchange rate of $0.76.

The Company currently has 3,000 bbls/d of its first half oil production hedged at $63.50/bbl Cdn WTI and 1,900 bbls/d of its second half average oil production hedged at $69.00/bbl Cdn WTI. Natural gas hedges of 23,000 GJ/d are in place through the end of the third quarter of 2017 at an average fixed AECO price of $2.70/GJ, and 11,000 GJ/d is hedged in the fourth quarter of 2017 at an average fixed AECO price of $2.85/GJ. With an increased credit facility of $220 million, a robust hedging program and continued low operating and capital cost structure, Tamarack has the financial flexibility to adjust expenditures to ensure strong returns across a fluctuating commodity price environment.

Tamarack has a proven track record of effectively and seamlessly integrating acquired assets and operations into its existing portfolio, and is continuing to do so with all of the assets accumulated in 2016. Through 2017, Tamarack will remain focused on driving organic growth within its quick payback, high-quality asset base, while maintaining a strong balance sheet, low cost structure and efficient operations.

New Board Member Appointment

Tamarack is pleased to announce the appointment of Mr. John Leach to its Board of Directors. Mr. Leach is a Chartered Professional Accountant with over 23 years of oil and gas experience. He is currently the Senior Vice President & Chief Financial Officer of Crew Energy Inc., a position he has held since Crew's spin-out from Baytex Energy Ltd. in 2003. Previously, Mr. Leach was a founding member of Baytex Energy Ltd. since 1993, serving in the finance department in increasing roles of responsibility culminating as its Vice President, Finance from 1998 to 2003. Mr. Leach will serve as a member of the Audit Committee of Tamarack's Board.

New Tamarack Website

Tamarack also confirms that it has launched an updated website which provides visitors with a streamlined and user-friendly source for Tamarack's news releases, financial information, corporate presentations, videos and other details, while reflecting the Company's strong track record and continued evolution. Shareholders and other interested parties are encouraged to visit **www.tamarackvalley.ca**.

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 in the Cardium and Viking fairways primarily 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

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 "target", "plan", "continue", "intend", "ongoing", "expect", "may", "will", "should", or similar words suggesting future outcomes. More particularly, this press release contains statements concerning the Company's anticipated drilling in 2017, including the locations for drilling, the impact of drilling and completions design changes, plans to increase down-spacing, the impact of drilling additional step-out wells, plans to drill ERH wells in the Viking and commence a reservoir study and a well testing program and the impact of such initiatives, expected oil weighting and cash flow netbacks, anticipated corporate decline rates, and 2017 guidance.

The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Tamarack relating to 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 annual information form for the year ended December 31, 2015 (the "AIF") for additional risk factors relating to Tamarack. The AIF can be accessed either on Tamarack's website at www.tamarackvalley.ca or 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.

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