TAMARACK VALLEY ENERGY LTD.

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

As at	Notes	March 31, 2024	December 31, 2023
Assets			
Current assets			
Accounts receivable	3	$ 168,186	$ 141,041
Prepaid expenses and deposits		11,740	18,024
Risk management contracts	6	1,312	36,092
		181,238	195,157
Oil and natural gas assets	4	3,934,799	4,012,971
		4,116,037	4,208,128
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		211,271	201,531
Debt	5	-	140,167
Risk management contracts	6	23,466	5,355
Other liabilities	7	21,446	15,317
Decommissioning obligations	9	13,634	13,000
		269,817	375,370
Debt	5	924,517	769,591
Other liabilities	7	171,766	175,774
Decommissioning obligations	9	152,501	176,971
Deferred income taxes	10	499,684	535,490
		2,018,285	2,033,196
Shareholders' equity			
Share capital	11	1,853,718	1,879,250
Treasury shares	11	(1,778)	(2,416)
Contributed surplus	16	29,743	28,458
Retained earnings		216,069	269,640
		2,097,752	2,174,932
		$ 4,116,037	$ 4,208,128

Commitments and contingencies	8
Subsequent events	5, 11

See accompanying notes to the Unaudited Financial Statements.

TAMARACK VALLEY ENERGY LTD.

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

Three months ended	Notes	March 31, 2024	March 31, 2023
Revenue			
Oil and natural gas sales	14	**$ 393,336**	$ 378,546
Sale of purchased product		**6,351**	7,038
Processing and other income		**1,808**	1,501
Royalties		**(75,969)**	(73,292)
		325,526	313,793
Risk management contracts			
Realized gain (loss)	6	**2,080**	(6,504)
Unrealized loss	6	**(55,590)**	(2,349)
		272,016	304,940
Expenses			
Production		**54,940**	65,040
Transportation		**23,577**	23,838
Product purchases		**6,658**	7,038
Carbon tax		**3,525**	-
Blending		**2,005**	1,826
General and administrative		**8,967**	7,799
Stock-based compensation	16	**4,542**	2,786
Finance	15	**25,914**	27,785
Depletion, depreciation, and amortization	4	**148,201**	158,306
Loss on dispositions	4	**38,012**	-
Site rehabilitation program grant	9	**-**	(174)
		316,341	294,244
Net income (loss) before income taxes		**(44,325)**	10,696
Income taxes			
Current income tax expense	10	**24,225**	20,289
Deferred income tax recovery	10	**(35,806)**	(12,098)
		(11,581)	8,191
Net income (loss) and comprehensive income (loss)		**$ (32,744)**	$ 2,505
Net income (loss) per share			
Basic	12	**$ (0.06)**	$ -
Diluted	12	**$ (0.06)**	$ -

See accompanying notes to the Unaudited Financial Statements.

TAMARACK VALLEY ENERGY LTD.

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

Three months ended	Notes	March 31, 2024	March 31, 2023
Operating activities			
Net income (loss)		$ (32,744)	$ 2,505
Items not affecting cash:			
Depletion, depreciation, and amortization	4	148,201	158,306
Deferred income tax recovery	10	(35,806)	(12,098)
Unrealized loss on risk management contracts	6	55,590	2,349
Non-cash finance expenses	15	3,761	3,597
Loss on dispositions	4	38,012	-
Non-cash stock-based compensation	16	4,542	2,786
Site rehabilitation program grant	9	-	(174)
Decommissioning expenditures	9	(1,524)	(875)
Changes in non-cash working capital	17	(14,831)	(96,772)
Cash provided by operating activities		165,201	59,624
Financing activities			
Net proceeds from debt	5	150,718	148,766
Repayment of debt	5	(140,167)	(50,000)
Proceeds from issuance of other liabilities	7	-	995
Repayment of other liabilities	7	(2,305)	(1,089)
Purchase of common shares for cancellation	11	(25,635)	-
Purchase of common shares for exercise of equity compensation units	11	(1,000)	-
Proceeds from exercise of equity compensation units	11	220	323
Dividends	11	(20,724)	(20,865)
Changes in non-cash working capital	17	(93)	(19)
Cash provided by (used in) financing activities		(38,986)	78,111
Investing activities			
Investments in oil and natural gas assets	4	(128,221)	(148,162)
Acquisitions		-	(2,939)
Proceeds (payments) from disposals	4	(1,797)	180
Changes in non-cash working capital	17	3,803	13,186
Cash used in investing activities		(126,215)	(137,735)
Change in cash and cash equivalents		-	-
Cash and cash equivalents, beginning of year		-	-
Cash and cash equivalents, end of period		$ -	$ -
Supplemental cash flow information			
Income taxes paid		$ 17,850	$ 146,505
Interest paid		$ 18,870	$ 16,268

See accompanying notes to the Unaudited Financial Statements.

TAMARACK VALLEY ENERGY LTD.

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

As at	March 31, 2024	March 31, 2023
Share capital		
Balance, beginning of year	**$ 1,879,250**	$ 1,879,250
Purchase of common shares for cancellation	**(25,532)**	-
Balance, end of period	**1,853,718**	1,879,250
Treasury shares		
Balance, beginning of year	**(2,416)**	(2,451)
Purchase of common shares for exercise of equity compensation units	**(1,000)**	-
Exercise of equity compensation units	**1,418**	1,441
Proceeds from exercise of equity compensation units	**220**	323
Balance, end of period	**(1,778)**	(687)
Contributed surplus		
Balance, beginning of year	**28,458**	27,475
Exercise of equity compensation units	**(1,418)**	(1,441)
Stock-based compensation	**2,703**	2,404
Balance, end of period	**29,743**	28,438
Retained earnings		
Balance, beginning of year	**269,640**	258,965
Purchase of common shares for cancellation	**(103)**	-
Dividends	**(20,724)**	(20,865)
Net income (loss)	**(32,744)**	2,505
Balance, end of period	**$ 216,069**	$ 240,605
Total shareholders' equity, beginning of year	**$ 2,174,932**	$ 2,163,239
Total shareholders' equity, end of period	**$ 2,097,752**	$ 2,147,606

See accompanying notes to the Unaudited Financial Statements.

(thousands of Canadian dollars, unless otherwise indicated)

1. Reporting entity

Tamarack Valley Energy Ltd. ("Tamarack" or the "Company") is a corporation engaged in the sustainable exploration, development, production and sale of oil and natural gas in the Western Canadian Sedimentary Basin. Tamarack is a publicly traded company on the Toronto Stock Exchange ("TSX") and is traded under the symbol "TVE". The Company is incorporated and domiciled in Alberta, Canada with a registered office located at Suite 4300, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5 and the head office located at Suite 1700, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1. These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024 and 2023 (the "Unaudited Financial Statements") were approved and authorized by the Board of Directors on May 7, 2024.

2. Basis of preparation

These Unaudited Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board. They have been prepared on a historical cost basis with the exception of certain financial instruments and equity compensation units which are measured at their estimated fair value. These Unaudited Financial Statements are condensed as they do not include all information required by IFRS Accounting Standards for annual financial statements and, therefore, should be read in conjunction with Tamarack's annual financial statements for the year ended December 31, 2023 (the "Annual Financial Statements"). These statements follow the same accounting policies as the Annual Financial Statements.

These Unaudited Financial Statements consist of Tamarack and its subsidiaries. Intercompany balances and any income and expenses arising from intercompany transactions have been eliminated. These Unaudited Financial Statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

Certain comparative figures in these Unaudited Financial Statements have been adjusted to conform with the current period presentation. On the statement of income (loss) and comprehensive income (loss), product purchases and sales of purchased product were disaggregated from oil and natural gas sales. On the statement of cash flows, accrued current income tax expense, non-cash finance expense, net proceeds from other liabilities, and dividends have been reflected separately from changes in non-cash working capital. There were no changes to the consolidated operating results or financial position for the three months ended March 31, 2023 as a result of these presentation changes.

On March 13, 2024, the Canadian Sustainability Standards Board released its proposed Canadian Sustainability Disclosure Standards to set a benchmark for the disclosure of sustainability-related information. These standards are open to public consultation through June 10, 2024 prior to any further developments towards the finalization of the standards. Tamarack is currently assessing the impact of these proposed standards on the Company's external disclosure requirements.

3. Receivables

As at	Notes	March 31, 2024	December 31, 2023
Oil and natural gas sales		$ 135,403	$ 103,916
Joint venture billings		6,854	6,331
Risk management contracts	6	1,103	5,968
Clearwater Infrastructure Partnership	7	15,000	15,000
Other receivables		9,826	9,826
Accounts receivable		$ 168,186	$ 141,041

As at March 31, 2024, Tamarack held a $15.0 million promissory note from the Clearwater Infrastructure Partnership. Under the terms of the arrangement, Tamarack assumed minimum capital investment obligations of $15.0 million to complete the construction of ongoing gas conservation and enhancements projects with respect to certain infrastructure assets contributed to the partnership. Proceeds from the promissory note are being held in trust and are payable to Tamarack upon completion of these projects, which is anticipated in the second quarter of 2024. As at March 31, 2024, the projects were 85% complete.

4. Oil and natural gas assets

Cost		PP&E		E&E		Total
Balance at December 31, 2023	$	5,554,096	$	68,803	**$**	**5,622,899**
Investments in oil and natural gas assets		124,837		3,384		**128,221**
Non-cash capitalized costs		(8,760)		-		**(8,760)**
Transfers		2,126		(2,126)		**-**
Disposals		(86,617)		-		**(86,617)**
Balance at March 31, 2024	**$**	**5,585,682**	**$**	**70,061**	**$**	**5,655,743**

Accumulated depletion, depreciation, and amortization		PP&E		E&E		Total
Balance at December 31, 2023	$	1,584,285	$	25,643	**$**	**1,609,928**
Depletion, depreciation, and amortization		147,324		877		**148,201**
Disposals		(37,185)		-		**(37,185)**
Balance at March 31, 2024	**$**	**1,694,424**	**$**	**26,520**	**$**	**1,720,944**

Carrying amounts		PP&E		E&E		Total
At December 31, 2023	$	3,969,811	$	43,160	**$**	**4,012,971**
At March 31, 2024	**$**	**3,891,258**	**$**	**43,541**	**$**	**3,934,799**

Included in non-cash capitalized costs are decommissioning costs and capitalized stock-based compensation. The calculation of depletion at March 31, 2024 includes estimated future development costs of $1.75 billion associated with the Company's proved and probable reserves (December 31, 2023 – $1.87 billion).

Disposals

On March 1, 2024, the Company sold certain non-core oil and natural gas assets in the Redwater area to a third-party for nominal consideration and recorded a loss on disposal of $38.0 million. The transaction resulted in a net payment of $2.0 million, including closing adjustments. As part of the disposition, Tamarack reduced undiscounted and uninflated decommissioning obligations by $14.2 million.

5. Debt

		SLL Facility		SL Notes		Term Facility		DAP Notes		Total
Balance at December 31, 2023	$	479,168	$	290,423	$	83,500	$	56,667	**$**	**909,758**
Proceeds from debt instruments, net		150,718		-		-		-		**150,718**
Repayment of debt instruments, net		-		-		(83,500)		(56,667)		**(140,167)**
Unrealized foreign exchange loss		2,690		-		-		-		**2,690**
Amortization of deferred borrowing costs		807		711		-		-		**1,518**
Balance at March 31, 2024	**$**	**633,383**	**$**	**291,134**	**$**	**-**	**$**	**-**	**$**	**924,517**
Presented as:										
Current liabilities	$	-	$	-	$	-	$	-	**$**	**-**
Non-current liabilities	$	633,383	$	291,134	$	-	$	-	**$**	**924,517**
Effective interest rate		7.35%		7.25%		-		-		
Maturity date as at May 7, 2024		April 30, 2027		May 10, 2027		-		-		

Bank debt

As at March 31, 2024, Tamarack has access to a three-year covenant-based $875.0 million sustainability-linked lending facility (the "SLL Facility"). The SLL Facility bears interest at a variable market-based interest rate plus an applicable credit margin depending on the Company's senior debt to EBITDA ratio. As at March 31, 2024, Tamarack had access to $227.6 million of undrawn credit under the SLL Facility. There are $5.5 million of letters of credit issued and outstanding under the facility.

The SLL Facility, together with a two-year secured amortizing term-loan (the "Term Facility") collectively formed Tamarack's syndicated, covenant-based credit facility (the "Syndicated Facility"). The Syndicated Facility is secured by a $2.0 billion debenture with fixed coverage over all assets of Tamarack, excluding the Clearwater Infrastructure Partnership assets. The Term Facility was a covenant-based, non-revolving lending arrangement with a maturity date of October 13, 2024 and was fully repaid on March 22, 2024.

On May 3 2024, the SLL Facility was amended primarily to extend the maturity date of the facility by one year to April 30, 2027. Tamarack also added an uncommitted accordion feature that provides the Company with the ability to access an incremental $125.0 million of secured debt, subject to certain conditions, including approvals from the lending syndicate.

SL Notes

During 2022, the Company issued $300.0 million aggregate principal amount of 7.25% interest-bearing senior unsecured sustainability-linked notes due May 10, 2027 (the “SL Notes”). The SL Notes were issued under a trust indenture and are unsecured obligations of Tamarack ranking pari passu with all the Company’s existing and future senior unsecured debt. The SL Notes are not governed by any financial covenants but contain a debt incurrence covenant that may restrict the Company’s ability to raise additional senior debt beyond our existing SLL Facility and SL Notes. The SL Notes pay interest semi-annually in arrears with the principal amount repayable at the date of maturity.

DAP Notes

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

Financial covenants on debt

The following table summarizes the financial covenants applicable to the SLL Facility at March 31, 2024:

Covenant description	March 31, 2024	Covenant
Total Debt to EBITDA ratio	**1.0:1.0**	<3.5:1.0
Senior Debt to EBITDA ratio	**0.7:1.0**	<3.0:1.0
Interest Coverage ratio	**10.7:1.0**	>3.0:1.0

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

6. Risk management contracts

	Commodity related contracts	Debt[1] related contracts	Total
Balance at December 31, 2023	$ 35,909	$ (5,172)	**$ 30,737**
Realized loss (gain) on settlement	(2,080)	5,082	**3,002**
Change in fair market value	(53,510)	(2,383)	**(55,893)**
Balance at March 31, 2024	$ (19,681)	$ (2,473)	**$ (22,154)**
Consisting of:			
Current asset	$ 1,312	$ -	**$ 1,312**
Current liability	$ (20,993)	$ (2,473)	**$ (23,466)**

(1) These realized gains and losses from the settlement of cross-currency swap contracts are presented net against the offsetting realized foreign exchange gains and losses on the US dollar denominated loan principal within the Company’s finance expenses.

At March 31, 2024, the Company held the following commodity and foreign exchange derivative contract positions:

Crude oil derivatives		Q2 2024	Q3 2024	Q4 2024	Q1 2025
WTI 2-way	**Volume (bbls/d)**	**22,000**	**20,000**	**21,500**	**3,500**
collar	Average Put/Call/Premium (USD/bbl)	69.09/89.28/0.89	68.36/90.59/1.38	67.05/86.23/1.44	65.86/85.00/0.68
MSW	**Volume (bbls/d)**	**5,000**	**5,000**	**5,000**	**-**
differential	Average Fixed Price (USD/bbl)	(2.87)	(2.60)	(2.60)	-
WCS	**Volume (bbls/d)**	**15,000**	**14,500**	**15,000**	**3,000**
differential	Average Fixed Price (CAD/bbl)	(15.21)	(13.09)	(14.64)	(14.02)

Natural gas derivatives		Summer 24[1]	Winter 24-25[2]
AECO 5A	Volume (GJ/d)	14,988	-
swap	Average Fixed Price (CAD/GJ)	1.94	-
AECO -	Volume (mmbtu/d)	2,500	11,000
NYMEX basis	Average Fixed Price (USD/mmbtu)	(1.11)	(1.04)
AECO 7A	Volume (GJ/d)	-	2,500
collar	Average Put/Call (CAD/GJ)	-	2.50/4.35
NYMEX	Volume (mmbtu/d)	2,500	5,500
collar	Average Put/Call (USD/mmbtu)	3.05/3.50	3.00/4.23

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

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

Foreign exchange derivatives		Q2 2024	Q3 2024	Q4 2024	Q1 2025
CAD/USD	Amount (USD/month)	$10,000,000	$10,000,000	$10,000,000	-
collar	Average Put/Call (CAD/USD)	1.34/1.39	1.34/1.39	1.34/1.39	-
CAD/USD	Amount (USD/month)	$26,500,000	$12,000,000	$12,000,000	-
variable collar	Average Put/Knockout Rate/Call (CAD/USD) (1)	1.34/1.41/1.37	1.34/1.41/1.37	1.34/1.41/1.37	-
CAD/USD	Amount (USD/month)	$4,500,000	$9,000,000	$10,000,000	$4,000,000
variable collar ext	Average Put/Knockout Rate/Call (CAD/USD) (1)	1.33/1.41/1.36	1.33/1.40/1.37	1.33/1.40/1.37	1.33/1.40/1.37
CAD/USD	Amount (USD/month)	$6,000,000	$11,000,000	$11,000,000	-
Swap	Average Fixed Price (CAD/USD)	1.36	1.36	1.36	-

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

Cross-currency swaps	Contract type	Notional amount ($USD thousands)	Fixed Exchange rate	Fixed interest rate ($USD)	Fixed interest rate ($CAD)
Mar 22, 2024 - Apr 22, 2024	Swap	$ 429,000	1.36	7.68%	7.35%
Mar 25, 2024 - Apr 22, 2024	Swap	$ 41,000	1.36	7.68%	7.35%

7. Other liabilities

	Clearwater Infrastructure Partnership	Government loans	Lease liabilities	Cash-settled awards (note 16)	Facility acquisition payments	Total
Balance at December 31, 2023	$ 142,241	$ 21,558	$ 12,837	$ 9,824	$ 4,631	$ 191,091
Liabilities incurred, net	-	-	-	3,846	-	3,846
Payments	(4,851)	-	(1,000)	-	(270)	(6,121)
Interest expense	3,596	-	220	-	-	3,816
Accretion	66	330	-	-	184	580
Balance at March 31, 2024	$ 141,052	$ 21,888	$ 12,057	$ 13,670	$ 4,545	$ 193,212
Consisting of:						
Current liability	$ 5,398	$ 1,939	$ 2,741	$ 9,870	$ 1,498	$ 21,446
Non-current liability	$ 135,654	$ 19,949	$ 9,316	$ 3,800	$ 3,047	$ 171,766

Clearwater Infrastructure Partnership

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

Government loans

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

8. Commitments and contingencies

The following table summarizes the Company's commitments as at March 31, 2024:

	2024	2025	2026	2027	2028+	Total
SLL Facility [1]	$ -	$ -	$ 641,900	$ -	$ -	**$ 641,900**
SL Notes	-	-	-	300,000	-	**300,000**
Accounts payable and accrued liabilities	211,271	-	-	-	-	**211,271**
Risk management contracts	23,466	-	-	-	-	**23,466**
Clearwater Infrastructure Partnership	4,064	5,810	6,409	7,069	121,839	**145,191**
Other liabilities, excluding CIP	13,340	9,396	11,861	14,179	6,773	**55,549**
Financial liabilities	252,141	15,206	660,170	321,248	128,612	**1,377,377**
Off-balance sheet arrangements:						
Interest on debt instruments	63,251	83,509	52,142	20,438	82,206	**301,546**
Take-or-pay commitments	22,849	33,102	30,215	29,840	79,961	**195,967**
Processing commitments	6,607	7,473	10,945	10,945	124,836	**160,806**
Purchase commitments and other	2,250	-	-	-	-	**2,250**
Total financial commitments	$ 347,098	$ 139,290	$ 753,472	$ 382,471	$ 415,615	**$2,037,946**

(1) On April 26, 2024, the SLL facility was amended to extend the maturity date to April 30, 2027.

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

9. Decommissioning obligations

As at	Notes	**March 31, 2024**	December 31, 2023
Balance, beginning of year		**$ 189,971**	$ 264,988
Liabilities incurred		**2,254**	8,444
Liabilities acquired		**-**	5,813
Change in estimates		**(13,021)**	(2,704)
Liabilities settled		**(1,524)**	(12,908)
Site rehabilitation program grant		**-**	(174)
Liabilities disposed	4	**(13,217)**	(81,561)
Accretion	15	**1,672**	8,073
Balance, end of period		**$ 166,135**	$ 189,971
Consisting of:			
Current liability		**$ 13,634**	$ 13,000
Non-current liability		**$ 152,501**	$ 176,971

Tamarack's decommissioning obligations reflect the estimated cost to dismantle, abandon, reclaim and remediate the Company's assets at the end of their useful lives. As at March 31, 2024, the Company's total undiscounted and uninflated cash flows required to settle its decommissioning obligations was approximately $208.3 million (December 31, 2023 – $219.8 million) and is expected to be incurred over the next 30 years. A risk-free rate of 3.5% (December 31, 2023 – 3.0%) and an inflation rate of 2.0% (December 31, 2023 – 2.0%) was utilized to calculate the present value of the decommissioning obligations.

10. Income taxes

The following table reconciles the Company's income tax expense (recovery) recognized during the three months ended March 31, 2024, utilizing the current and future effective Canadian combined federal and provincial corporate tax rate of 23.0% (March 31, 2023 – 23.0%):

As at	March 31, 2024	March 31, 2023
Income (loss) before taxes	$ (44,325)	$ 10,696
Expected tax rate	23.0%	23.0%
Expected income tax expense (recovery)	(10,195)	2,460
Change in unrecognized deferred tax assets	(1,607)	2,072
Stock-based compensation	53	1,060
Other permanent differences	168	2,599
Total income tax expense (recovery)	$ (11,581)	$ 8,191
Consisting of:		
Current income tax expense	$ 24,225	$ 20,289
Deferred income tax recovery	$ (35,806)	$ (12,098)

11. Shareholders' equity

	March 31, 2024		December 31, 2023	
Share capital	**Shares**	**Amount**	Shares	Amount
Balance, beginning of year	556,183	$1,879,250	556,441	$1,879,250
Purchase of common shares for equity compensation units	(327)	-	(2,815)	-
Issuance of common shares for equity compensation units	520	-	2,557	-
Purchase of common shares for cancellation	(7,567)	(25,532)	-	-
Balance, end of period	548,809	$1,853,718	556,183	$1,879,250

Normal course issuer bid

During the three months ended March 31, 2024, the Company purchased and cancelled 7.6 million common shares at an average price of $3.31 per common share, for a total repurchase cost of $25.6 million, including $0.5 million of taxes. In January 2024, Tamarack received approval from the TSX to purchase up to 54.6 million common shares under the normal course issuer bid until January 18, 2025. There were no common shares purchased for cancellation in 2023.

Treasury shares

During the three months ended March 31, 2024, the Company spent $1.0 million to purchase 0.3 million common shares for the settlement of Tamarack's equity compensation units (December 31, 2023 - $9.6 million to purchase 2.8 million common shares). As at March 31, 2024, Tamarack held 0.6 million treasury shares (December 31, 2023 – 0.8 million treasury shares).

Dividends

The following table summarizes the dividends declared by Tamarack to shareholders during the periods indicated:

	Cumulative dividend per common share	Amount
Year ended December 31, 2023	$ 0.1500	$ 83,521
Three months ended March 31, 2024	$ 0.0375	$ 20,724

Subsequent to March 31, 2024, Tamarack declared cash dividends of $0.0125 per share on April 15, 2024.

12. Earnings per share

Three months ended	March 31, 2024	March 31, 2023
Net income (loss)	$ (32,744)	$ 2,505
Weighted average shares outstanding - basic	552,345	556,548
Weighted average shares outstanding - diluted	552,345	560,503
Net income (loss) per share - basic	$ (0.06)	$ -
Net income (loss) per share - diluted	$ (0.06)	$ -

For the three months ended March 31, 2024, 6.2 million common shares issuable upon the exercise and settlement of equity compensation units were excluded from the calculation of the diluted weighted average number of common shares outstanding as they were anti-dilutive due to the net loss. For the three months ended March 31, 2023, 9.0 million common shares were included in the diluted weighted average shares outstanding.

13. Capital management

Tamarack utilizes adjusted funds flow and net debt as capital management measures to assess financial performance and liquidity. As at March 31, 2024, the Company's ratio of net debt to annualized adjusted funds flow was 1.4 (December 31, 2023 – 1.3). The Company believes that available credit and future anticipated adjusted funds flow will be sufficient to fund Tamarack's 2024 development capital programs, dividend payments and any share repurchases.

Adjusted funds flow

Three months ended	Notes		**March 31, 2024**		March 31, 2023
Cash provided by operating activities		**$**	**165,201**	$	59,624
Decommissioning expenditures	9		**1,524**		875
Changes in non-cash working capital	17		**14,831**		96,772
Adjusted funds flow		**$**	**181,556**	$	157,271

Net debt to annualized adjusted funds flow

Three months ended	Notes		**March 31, 2024**		December 31, 2023		March 31, 2023
Accounts payable and accrued liabilities		**$**	**211,271**	$	201,531	$	240,488
Cross-currency swap liability	6		**2,473**		5,172		8,995
Accounts receivable	3		**(168,186)**		(141,041)		(151,289)
Prepaid expenses and deposits			**(11,740)**		(18,024)		(12,372)
Working capital deficiency			**33,818**		47,638		85,822
Note receivable	3		**-**		-		(20,000)
Debt	5		**924,517**		909,758		1,286,718
Government loan and other	7		**26,433**		26,189		21,528
Net debt		**$**	**984,768**	$	983,585	$	1,374,068
Current quarter adjusted funds flow		**$**	**181,556**	$	194,771	$	157,271
Annualized factor			**4**		4		4
Annualized adjusted funds flow		**$**	**726,224**	$	779,084	$	629,084
Net debt to annualized adjusted funds flow			**1.4x**		1.3x		2.2x

14. Oil and natural gas sales

Three months ended		**March 31, 2024**		March 31, 2023
Heavy oil	**$**	**251,931**	$	192,519
Light oil		**120,223**		145,613
Natural gas		**13,728**		23,382
Natural gas liquids		**7,454**		17,032
Oil and natural gas sales	**$**	**393,336**	$	378,546

15. Finance expense

Three months ended	Notes		**March 31, 2024**		March 31, 2023
Syndicated Facility	5	**$**	**12,186**	$	13,065
SL Notes	5		**5,423**		5,364
Clearwater infrastructure liability	7		**3,596**		-
DAP Notes	5		**792**		3,679
Other interest and fees			**156**		2,132
Interest expense			**22,153**		24,240
Deferred borrowing cost amortization and loan accretion	5, 7		**2,098**		1,860
Unrealized foreign exchange loss (gain) on debt	5		**2,690**		(8,810)
Unrealized loss (gain) on cross-currency swap	6		**(2,699)**		8,242
Accretion of decommissioning obligations	9		**1,672**		2,253
Finance expense		**$**	**25,914**	$	27,785

16. Stock-based compensation

Three months ended	Notes	March 31, 2024	March 31, 2023
Equity-settled stock-based compensation		**$ 2,703**	$ 2,404
Cash-settled stock-based compensation	7	**3,846**	1,685
		6,549	4,089
Capitalized stock-based compensation	4	**(2,007)**	(1,303)
Total stock-based compensation expensed		**$ 4,542**	$ 2,786

The following table summarizes the change in equity compensation units during the period:

Equity compensation plans	RSUs	PSUs	RIAs	PIAs	Stock options	Total
Balance at December 31, 2023	3,794	3,776	603	2,217	1,037	**11,427**
Granted	2,561	1,494	599	2,127	-	**6,781**
Reinvestment of dividends	55	33	-	-	-	**88**
Exercised	(312)	(123)	-	-	(85)	**(520)**
Forfeited/expired	(26)	(833)	-	-	-	**(859)**
Balance at March 31, 2024	6,072	4,347	1,202	4,344	952	**16,917**
Consisting of:						
Equity-settled units	5,865	3,122	-	-	952	**9,939**
Cash-settled units (note 7)	207	1,225	1,202	4,344	-	**6,978**
Number exercisable	1,022	943	228	-	878	**3,071**
Weighted-average remaining life	1.69	2.23	1.51	2.00	1.60	**1.89**

Share-based awards

For the three months ended March 31, 2024, Tamarack granted 6.8 million stock-based awards at a weighted average fair value of $3.70 per share which was primarily based on the Company's share price at the date of grant. For the three months ended March 31, 2024, actual market and non-market performance adjustment factors on vested PSUs and PIAs averaged 1.0.

Stock options

The following table summarizes the range of exercise prices of the stock options outstanding and exercisable as at March 31, 2024:

Range of exercise price	Number outstanding	Weighted average exercise price	Weighted average remaining life (years)	Number exercisable	Weighted average exercise price
$ 0.64 – 2.50	**915**	1.80	**1.60**	878	**1.78**
$ 2.51 – 2.66	**37**	2.66	**2.20**	-	**-**
$ 0.64 – 2.66	**952**	1.84	**1.60**	878	**1.78**

17. Supplemental cash flow

Three months ended	March 31, 2024	March 31, 2023
Source/(use) of cash		
Accounts receivable	**$ (27,145)**	$ 25,929
Prepaid expenses and deposits	**6,284**	(5,530)
Accounts payable and accrued liabilities	**9,740**	(104,004)
Net changes per consolidated balance sheet	**$ (11,121)**	$ (83,605)
Consisting of:		
Operating activities	**$ (14,831)**	$ (96,772)
Financing activities	**$ (93)**	$ (19)
Investing activities	**$ 3,803**	$ 13,186

Corporate information

Board of Directors

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

Brian Schmidt
Director

Caralyn Bennett [2, 4]
Director

John Leach [1,2]
Director

Marnie Smith [1, 3]
Director

Rob Spitzer [2, 3]
Director

Shannon Joseph
Director

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

Management Team

Brian Schmidt
President and Chief Executive Officer

Steve Buytels
Chief Financial Officer

Kevin Screen
Chief Operating Officer

Ben Stoodley
Vice President, Engineering

Christine Ezinga
Vice President, Business Development and Sustainability

Kevin Johnston
Vice President, Finance

Lynne Chrumka
Vice President, Exploration

Rocky Baker
Vice President, Marketing

Scott Shimek
Vice President, Production and Operations

Sony Gill
Corporate Secretary

Lead Bank Syndicate

National Bank of Canada

Stock Exchange

Toronto Stock Exchange - Symbol: **TVE**

Reserve Evaluators

McDaniel & Associates Consultants Ltd.
GLJ Ltd.

Legal Counsel

Stikeman Elliott LLP

Auditor

KPMG LLP

tamarack valley ENERGY ltd.
Eighth Avenue Place
Suite 1700, 525 – 8th Avenue SW
Calgary, AB T2P 1G1
T 403 263 4440
F 403 263 5551
www.tamarackvalley.ca