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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tamarack Valley Energy Ltd.

Opinion

We have audited the consolidated financial statements of Tamarack Valley Energy Ltd. (the Entity), which comprise:

- the consolidated balance sheets as at December 31, 2024 and December 31, 2023
- the consolidated statements of income and comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.



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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the impact of estimated proved and probable oil and natural gas reserves on depletion expense

Description of the matter

We draw attention to note 3, note 4 and note 6 to the financial statements. The Entity uses estimated proved and probable oil and natural gas reserves to deplete property, plant and equipment included in oil and natural gas assets. The Entity has \$3,773 million of oil and natural gas assets as at December 31, 2024. The Entity depletes its net carrying value of property, plant and equipment using the unit of production method by reference to the ratio of production in the period to the related proved and probable oil and natural gas reserves, taking into account estimated forecasted future development costs necessary to bring those reserves into production. Depletion expense recorded related to the Entity's property, plant and equipment was \$579.4 million for the year ended December 31, 2024.

The estimate of proved and probable oil and natural gas reserves requires the expertise of qualified reserves evaluators and includes significant assumptions related to:

- Forecasted oil and natural gas commodity prices
- Forecasted production
- Forecasted production costs
- Forecasted royalty costs
- Forecasted future development costs.

The Entity engages external independent qualified reserves evaluators to estimate the proved and probable oil and natural gas reserves.

Why the matter is a key audit matter

We identified the assessment of the impact of estimated proved and probable oil and natural gas reserves on depletion expense as a key audit matter. Significant auditor judgment was required to evaluate the results of our audit procedures regarding the estimate of proved and probable oil and natural gas reserves.



How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We assessed the depletion expense calculation for compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

With respect to the estimate of proved and probable oil and natural gas reserves:

- We evaluated the competence, capabilities and objectivity of the external independent qualified reserves evaluators engaged by the Entity
- We compared forecasted oil and natural gas commodity prices to those published by other external independent qualified reserves evaluators
- We compared the 2024 actual production, production costs, royalty costs and development costs of the Entity to those estimates used in the prior year's estimate of proved oil and natural gas reserves to assess the Entity's ability to accurately forecast
- We evaluated the appropriateness of forecasted production and forecasted production costs, royalty costs and future development costs assumptions by comparing to 2024 historical results. We took into account changes in conditions and events affecting the Entity to assess the adjustments or lack of adjustments made by the Entity in arriving at the assumptions.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Brad William Robertson.

A stylized, handwritten-style signature of 'KPMG LLP' in black ink, with a horizontal line extending from the end of the signature.

Chartered Professional Accountants

Calgary, Canada
February 24, 2025

TAMARACK VALLEY ENERGY LTD.

Consolidated Balance Sheets

As at December 31, 2024 and 2023

(thousands of Canadian dollars)

As at	Notes	December 31, 2024	December 31, 2023
Assets			
Current assets			
Cash	2	\$ 7,391	\$ 2,220
Accounts receivable	5	139,223	141,041
Prepaid expenses and deposits		11,186	18,024
Risk management contracts	8	20,050	36,092
Assets held for sale	6	37,558	-
		215,408	197,377
Oil and natural gas assets	6	3,773,355	4,012,971
		3,988,763	4,210,348
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		199,808	201,531
Debt	2, 7	-	140,167
Risk management contracts	8	31,563	5,355
Other liabilities	9	22,004	15,317
Asset retirement obligations	11	7,700	13,000
Liabilities associated with assets held for sale	6, 11	14,327	-
		275,402	375,370
Debt	2, 7	738,123	771,811
Other liabilities	9	206,684	175,774
Asset retirement obligations	11	172,581	176,971
Deferred income taxes	12	474,116	535,490
		1,866,906	2,035,416
Shareholders' equity			
Share capital	13	1,764,900	1,879,250
Treasury shares	13	(3,735)	(2,416)
Contributed surplus	18	20,823	28,458
Retained earnings		339,869	269,640
		2,121,857	2,174,932
		\$ 3,988,763	\$ 4,210,348

Commitments and contingencies

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See accompanying notes to the Annual Financial Statements.

(signed)

John Rooney

Director, Tamarack Valley Energy Ltd.

(signed)

John Leach

Director, Tamarack Valley Energy Ltd.

TAMARACK VALLEY ENERGY LTD.

Consolidated Statements of Income and Comprehensive Income

For the years ended December 31, 2024 and 2023

(thousands of Canadian dollars, except per share amounts)

Years ended December 31	Notes	2024	2023
Revenue			
Oil and natural gas sales	16	\$ 1,720,732	\$ 1,702,930
Sale of purchased product		17,653	16,355
Processing and other income		3,125	4,489
Royalties		(337,378)	(317,303)
		1,404,132	1,406,471
Risk management contracts			
Realized loss	8	(11,291)	(30,089)
Unrealized gain (loss)	8	(51,581)	46,248
		1,341,260	1,422,630
Expenses			
Production		205,204	235,813
Transportation		80,727	95,338
Product purchases and blending		19,511	20,882
Carbon tax		7,226	15,915
General and administrative		32,706	31,360
Stock-based compensation	18	17,560	13,069
Finance	17	95,838	111,879
Depletion and depreciation	6	588,019	631,063
Loss on dispositions and assets held for sale	6	85,148	125,954
		1,131,939	1,281,273
Net income before income taxes		209,321	141,357
Income taxes			
Current income tax expense	12	108,476	109,091
Deferred income tax recovery	12	(61,374)	(61,930)
		47,102	47,161
Net income and comprehensive income		\$ 162,219	\$ 94,196
Net income per share			
Basic	14	\$ 0.30	\$ 0.17
Diluted	14	\$ 0.30	\$ 0.17

See accompanying notes to the Annual Financial Statements.

TAMARACK VALLEY ENERGY LTD.

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(thousands of Canadian dollars)

Year ended December 31	Notes	2024	2023
Operating activities			
Net income		\$ 162,219	\$ 94,196
Items not affecting cash:			
Depletion and depreciation	6	588,019	631,063
Deferred income tax recovery	12	(61,374)	(61,930)
Unrealized (gain) loss on risk management contracts	8	51,581	(46,248)
Non-cash finance expenses	17	15,204	15,995
Loss on dispositions and assets held for sale	6	84,075	125,954
Non-cash stock-based compensation	18	11,236	5,464
Settlement of asset retirement obligations	11	(13,154)	(12,908)
Changes in non-cash working capital	19	(4,594)	(119,960)
Cash provided by operating activities		833,212	631,626
Financing activities			
Net proceeds (repayment) of revolving debt	2, 7	(50,245)	66,601
Repayment of term debt instruments	7	(140,167)	(351,598)
Proceeds from issuance of other liabilities	9	41,801	146,529
Repayment of other liabilities	9	(9,371)	(4,927)
Purchase of common shares for cancellation	13	(135,352)	-
Purchase of common shares for treasury	13	(11,600)	(9,577)
Proceeds from exercise of equity compensation units	13, 18	1,256	763
Dividends	13	(81,474)	(83,521)
Changes in non-cash working capital	19	10,492	(15,660)
Cash used in financing activities		(374,660)	(251,390)
Investing activities			
Investments in oil and natural gas assets	6	(450,905)	(516,456)
Acquisitions	6	-	(17,499)
Proceeds (payments) from disposals	6	(1,748)	141,476
Changes in non-cash working capital	19	(728)	14,463
Cash used in investing activities		(453,381)	(378,016)
Change in cash	2	5,171	2,220
Cash, beginning of year	2	2,220	-
Cash, end of year	2	\$ 7,391	\$ 2,220

See accompanying notes to the Annual Financial Statements.

TAMARACK VALLEY ENERGY LTD.

Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2024 and 2023
(thousands of Canadian dollars)

As at December 31	Notes	2024	2023
Share capital			
Balance, beginning of year		\$ 1,879,250	\$ 1,879,250
Purchase of common shares for cancellation	13	(114,350)	-
Balance, end of year		1,764,900	1,879,250
Treasury shares			
Balance, beginning of year		(2,416)	(2,451)
Purchase of common shares for exercise of equity compensation units	13	(11,600)	(9,577)
Exercise of equity compensation units	13	9,025	8,849
Proceeds from exercise of equity compensation units		1,256	763
Balance, end of year		(3,735)	(2,416)
Contributed surplus			
Balance, beginning of year		28,458	27,475
Exercise of equity compensation units	18	(9,025)	(8,849)
Stock-based compensation	18	11,876	9,832
Purchase of common shares for cancellation	13	(10,486)	-
Balance, end of year		20,823	28,458
Retained earnings			
Balance, beginning of year		269,640	258,965
Purchase of common shares for cancellation	13	(10,516)	-
Dividends	13	(81,474)	(83,521)
Net income		162,219	94,196
Balance, end of year		\$ 339,869	\$ 269,640
Total shareholders' equity, beginning of year		\$ 2,174,932	\$ 2,163,239
Total shareholders' equity, end of year		\$ 2,121,857	\$ 2,174,932

See accompanying notes to the Annual Financial Statements.

TAMARACK VALLEY ENERGY LTD.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(thousands of Canadian dollars, unless otherwise indicated)

1. Reporting entity

Tamarack Valley Energy Ltd. ("Tamarack" or the "Company") is a corporation engaged in the 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 address located at Suite 4300, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5 and the head office address located at Suite 1700, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1. These audited consolidated financial statements for the years ended December 31, 2024 and 2023 (the "Annual Financial Statements") were approved and authorized by the Board of Directors on February 24, 2025.

2. Basis of preparation

These Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The Annual Financial Statements 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 Annual Financial Statements consist of Tamarack and its subsidiaries. Intercompany balances and any income and expenses arising from intercompany transactions have been eliminated. These Annual Financial Statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

Certain comparative figures in these Annual Financial Statements have been adjusted to conform with the current period presentation. On the balance sheet and statement of cash flows, cash has been presented separately instead of being netted against debt. Decommissioning obligations were renamed to asset retirement obligations. Blending expenses have also been presented together with product purchases on the statements of income and comprehensive income. There were no changes to the consolidated operating results or financial position for the year ended December 31, 2023, as a result of these presentation changes.

3. Material accounting policies

Oil and natural gas assets

Oil and natural gas assets are measured at historical cost less accumulated depletion, depreciation and impairment. The Company begins capitalizing costs after the right to explore has been acquired and includes land acquisition costs, geological and geophysical activities, surface construction, drilling activities, completion activities, well equipment, facilities construction and directly attributable general and administrative costs. Pre-license expenditures are expensed as incurred. All subsequent investments in the development of oil and natural gas assets are capitalized if the expenditure is considered a betterment and provides future economic benefits beyond one year.

Oil and natural gas assets are classified as exploration and evaluation ("E&E") assets where technical feasibility and commercial viability has not yet been established. These criteria are generally deemed to have been achieved when commercial quantities of proved and probable reserves are present, and the Company has sanctioned field development. When technical feasibility and commercial viability has been established, the E&E assets are tested for impairment and then reclassified to property, plant and equipment ("PP&E"). Investments are capitalized directly to PP&E if technical feasibility and commercial viability in respect of a particular project have previously been established.

Undeveloped E&E assets are depreciated on a straight-line basis over the term of the lease and are fully expensed upon expiry. The Company's oil and natural gas assets are depleted utilizing the unit of production method relative to its associated proved and probable oil and natural gas reserves. The depletion base consists of historical capitalized costs plus the estimated future development costs necessary to bring estimated proved and probable reserves into production. Natural gas production and reserves are converted to barrels of oil equivalent based on their relative energy content (6:1). Corporate assets and other investments are depreciated using the declining-balance method over their estimated useful lives.

Gains and losses from the disposal of oil and natural gas assets are determined by comparing the proceeds of the sale to the carrying value of the corresponding de-recognized assets with any differential recognized in net income. Oil and natural gas assets and their corresponding liabilities are presented as held for sale on the balance sheet when the Company has entered into a committed plan to sell the assets and the sale is expected to be completed within one year from the date of classification. Assets held for sale are not subject to depletion and depreciation and are measured at the lower of carrying value and the fair value less costs to sell, with any reduction recognized as an impairment loss.

Impairment

Tamarack reviews its oil and natural gas assets for indicators of impairment at each reporting period which includes a review of changes in current and forecasted commodity prices, financial and operational results, future development plans, reservoir performance and reserves. If any indicators exist, the CGU is tested for impairment and a loss is recorded to the extent that its carrying value exceeds the estimated recoverable amount. For the purposes of impairment reviews and testing, the Company's PP&E and E&E assets are aggregated into cash-generating units ("CGUs") which are defined as the lowest level of asset grouping generating cash inflows that are independent of the cash inflows of other groups of assets or properties. The classification of CGUs is generally based on shared infrastructure, geographical proximity, product type and similar exposure to market risk. As at December 31, 2024, the Company's CGUs were the Clearwater, Charlie Lake, Viking and Penny asset areas.

The recoverable amount of the CGU is determined to be the greater of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). FVLCD is based on the estimated recoverable amount for which the asset could be sold in an arm's length transaction between knowledgeable parties, less costs of disposal. In assessing VIU, the value is based on the estimated present value of future cash flows expected to be recovered from continued operation of the CGU. The recoverable value of Tamarack's CGUs is primarily estimated using discounted cash flows from proved plus probable reserves, purchase and sale agreements, observable third-party business combination transaction metrics or comparable third-party land transactions adjacent to the Company's acreages.

Financial instruments

Tamarack's financial assets and liabilities consist of cash, accounts receivables, risk management contracts, accounts payable and accrued liabilities, other liabilities and debt. Financial assets and liabilities are generally measured on the consolidated balance sheet at either fair market value or amortized cost. All of Tamarack's financial instruments are measured at amortized cost other than risk management contracts and cash-settled equity compensation units. The carrying value for all the Company's financial instruments generally approximates their fair value, with the exception of debt and other liabilities.

Realized gains and losses from the settlement of risk management contracts as well as unrealized gains and losses from the remeasurement of those instruments to fair market value at each reporting period are recognized in net income as incurred. Transaction costs related to financial instruments recognized at fair value are expensed. Financial instruments recognized at amortized cost are accreted towards their settlement value over time whereby the associated transaction costs or discount factors are capitalized together with the host instrument and then amortized over the term of the underlying contract.

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized using a three-level hierarchy based on the number and quality of observable inputs used to value the instruments:

- Level 1 – valuations are based on quoted prices that are available in active markets for identical assets or liabilities
- Level 2 – valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors which can be substantially observed or corroborated in the marketplace
- Level 3 – valuations that are not based on observable market data

All of Tamarack's financial instruments measured or disclosed at fair value utilize a Level 2 valuation. Any impairment loss of financial assets is determined by assessing and measuring the expected losses of the instruments at each reporting period. When measuring expected credit losses, the Company considers a variety of factors including: evidence of the debtor's financial condition, history of collections, probability of recovery, the term of the receivable and any changes in economic conditions. Financial assets and liabilities are reflected net on the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Revenue

The Company generates revenue primarily from the sale of produced oil, natural gas and natural gas liquids ("NGLs"). Revenues are measured at the agreed upon transaction price and volume specified in the contracts with customers. Tamarack recognizes revenue when it transfers control of the product to the buyer, which generally occurs at the custody transfer location where the products are physically delivered and legal title has been assigned to the customer. The nature of each performance obligation, including roles of third parties and partners, are evaluated to determine if the Company acts as a principal, and recognizes revenue on a gross basis, or as an agent, and recognizes revenue on a net basis. Tamarack acts as the principal for substantially all of the Company's oil and natural gas sales as it controls the product before being delivered to the customer. Revenues earned from the processing of third-party volumes are recognized once the service has been performed. Tamarack records royalties near the date of extraction based on provincial royalty frameworks or the contracted terms of the mineral rights agreements.

The Company sells its production pursuant to fixed or variable volume and price marketing contracts. The transaction price is typically based on a quoted benchmark commodity price, adjusted for quality differentials, location or other economic factors. The contracts can often commit Tamarack to delivering specified fixed volumes of products to the counterparty. These own-use physical-delivery and sales contracts are not held for trading or speculative purposes and are, therefore, not measured at fair value at each reporting period.

The sale of purchased product and the corresponding cost of product purchases is recorded on a gross basis when commodities

are purchased for resale to a separate downstream customer. If Tamarack enters into a product purchase and resale netting transaction with the same counterparty to facilitate the downstream delivery of like commodities on the transportation system (a commodity swap arrangement), the transaction is recorded on a net basis.

Asset retirement obligations

Tamarack recognizes a provision if the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Tamarack's provisions primarily consist of asset retirement obligations associated with dismantling, abandonment, reclamation and remediation activities related to the Company's oil and natural gas assets. At initial recognition, Tamarack recognizes an asset retirement cost and corresponding liability on the balance sheet, measured at the present value of their inflated future cash outflows to settle the obligation utilizing a risk-free discount rate. The asset retirement costs are depleted over the useful life of the underlying oil and natural gas assets and the asset retirement liabilities are accreted upwards over time to their estimated settlement value at the expected date of closure. Together, these charges reflect the estimated cost of abandonment in net income over time. Changes in estimated future cash flows or discount rates are recognized against oil and natural gas assets. Actual costs incurred to settle the obligations reduce the liability.

Income tax

Tamarack's income tax expense is comprised of current and deferred tax recognized in respect of the Company's earnings which are anticipated under the Income Tax Act (Canada). Income tax expense is recognized through net income, except to the extent that it relates to business combinations or shareholders' equity, in which case, the taxes are recognized directly on the balance sheet. Current income tax expense reflects the expected taxes payable relating to income earned during the current year, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax values. Deferred income tax expense reflects the accrued value of income taxes that are expected to apply on taxable income in future years when these temporary differences reverse. Deferred tax is measured on an undiscounted basis using tax rates that have been enacted or substantially enacted and that are expected to apply in future years. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset with the same tax authority in respect of the same taxable entity. A deferred tax asset is only recorded to the extent it is probable that the available carry-forward tax deductions can be utilized to shelter taxable profits from income tax.

Basis of consolidation

Tamarack consolidates the assets, liabilities and operating results of its subsidiary corporations and partnerships when the Company's controlling interest has the power to govern the financial and operating policies of the entity, provides exposure to the variable returns and controls the timing and extent of those returns. Many of Tamarack's oil and natural gas activities also involve undivided interests in jointly owned assets and operations without the establishment of a corporation, partnership or other entity and, therefore, reflect only the Company's proportionate interest in those assets, liabilities revenues and expenses.

Stock-based compensation

Tamarack's stock-based compensation expense consists of restricted share units ("RSUs"), performance share units ("PSUs"), restricted incentive awards ("RIAs"), and performance incentive awards ("PIAs") granted to employees, officers, service providers, and directors of the Company. Tamarack also has outstanding stock options issued under legacy equity compensation plans.

Cash-settled and equity-settled awards are initially measured at their grant date fair value and expensed over the vesting period with a corresponding increase to other liabilities and contributed surplus, respectively. The fair value of RSUs, PSUs, RIAs, and PIAs is initially based on the Company's share price at the grant date. The fair value of cash-settled awards is subsequently adjusted to reflect any change in fair value at each reporting period. Cash award settlements reduce the corresponding liability. When equity-settled awards are exercised or released, the original expense previously recognized as contributed surplus is reflected as an increase to share capital.

The primary non-market vesting condition for Tamarack's equity compensation arrangements is continuous employment. An estimated forfeiture rate is initially applied to the valuation of these awards and is subsequently adjusted to reflect the actual number of awards that ultimately vest. PSUs and PIAs are also subject to certain other performance-based vesting conditions which are established by the Company's board of directors. Following the performance period, a pre-determined adjustment factor is applied to the vesting units which may act to increase or decrease the number of awards that ultimately vest. The fair value of these awards on the date of grant is initially adjusted to reflect the probability of these outcomes. For equity-settled awards, the stock-based compensation expense attributable to performance factors that are dependent upon market conditions are not subsequently adjusted for actual results. The stock-based compensation expense attributable to performance factors that are dependent upon non-market conditions are subsequently adjusted for actual results.

Share capital

The issuance of common shares for consideration is reflected as share capital, net of incremental issuance costs and the associated tax impact. When Tamarack purchases its common shares for cancellation under a normal course issuer bid, share capital is reduced by the weighted average carrying value of the shares. The net book value of common shares purchased in excess of the amount paid for the shares is recognized as contributed surplus. Any amount paid for common shares purchased in excess of their net book value is first recognized as a reduction to contributed surplus to the extent it was created from previous share buy backs, with the remainder recognized as a distribution from retained earnings. When Tamarack purchases its own common shares to settle the exercise of equity compensation units (treasury shares), the Company's share capital is reduced by the weighted average value of the common shares acquired.

Earnings per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period, excluding treasury shares. Diluted earnings per share is determined by adjusting the weighted average number of common shares outstanding by repurchased shares and the number of shares which would have had a dilutive effect on net income during the period had all outstanding in-the-money equity compensation units been exercised.

4. Significant estimates and judgments

Oil and natural gas assets

Tamarack applies judgment when capitalizing E&E and PP&E costs as it requires the Company to apply the capitalization eligibility criterion to various development activities that are unique to the oil and natural gas industry. The classification of E&E assets requires judgment as Tamarack must define and establish thresholds for determining whether technical feasibility and commercial viability has been established. The determination of CGUs requires judgment as the Company is required to define and establish these asset groupings based on their specific nature and characteristics. Judgments are required to assess the relevant external and internal indicators of impairment for each CGU as the Company must assess qualitative and quantitative impacts for determining if an indicator is present, such that an impairment test is then required.

Tamarack utilizes reserves estimates primarily for calculating depletion and estimating the recoverable value of CGUs for impairment testing. Reserves estimates are also used to support the valuation of business combinations, asset acquisitions, deferred income tax assets and the determination of technical feasibility and commercial viability of E&E assets. Reserves estimates, which consist of an estimate of proved and probable oil and natural gas reserves, are subject to measurement uncertainty and include significant assumptions regarding forecasted production, forecasted oil and natural gas commodity prices, forecasted production costs, forecasted royalty costs and forecasted future development costs. Tamarack's estimated reserves are assessed by external independent qualified reserves evaluators using the standards contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101.

Laws, standards, rules, regulations or other pronouncements enforced by governments both domestic and abroad could significantly impact the Company's business, financial condition, operating results and access to capital. Such actions may include, among other things, tariffs or the threat of tariffs. The impacts of climate change, including governments' response and the advancement of a global transition to alternative energy, is another a source of uncertainty for Tamarack and could impact key estimates and assumptions regarding the measurement of certain balances and transactions in these Annual Financial Statements. Estimates regarding the value of the Company's oil and natural gas assets, depletion, impairment, reserves, asset retirement obligations, and carbon taxes are all subject to measurement uncertainty due to the risks of government policy and climate change.

Other estimates and judgments

The valuation of Tamarack's asset retirement obligations includes estimates regarding the future costs required to abandon and reclaim wells and associated infrastructure under current regulatory requirements, the timing of those abandonments and future inflation and discount rates. Actual future abandonment and reclamation costs could be materially different from these estimates.

Tamarack applies judgment in the interpretation of tax laws, rules and regulations under the Income Tax Act (Canada) which are subject to change by the prevailing government. These changes can impact the timing of the reversal of temporary tax differences, the tax rates in effect when such differences reverse and the Company's ability to utilize tax losses and other credits in the future. Deferred tax assets and liabilities are recognized when it is considered probable that the amounts will be realized in the future which requires significant estimates and assumptions regarding the future utilization of carry-forward tax pools.

Tamarack's fair market valuation of risk management contracts at each reporting period includes significant estimates and assumptions regarding forecasted commodity prices, foreign exchange rates, interest rates, volatility curves and credit risk. Accordingly, there is measurement uncertainty associated with these mark-to-market valuations and they are subject to change.

Tamarack applies judgment in assessing whether the Company controls the Clearwater Infrastructure Partnership for the purposes of consolidated reporting.

5. Receivables

December 31	Notes	2024	2023
Oil and natural gas sales		\$ 125,919	\$ 100,868
Joint venture billings		5,987	6,331
Risk management contracts settlements	8	-	5,968
Clearwater Infrastructure Partnership	9	-	15,000
Other receivables		7,317	12,874
Accounts receivable		\$ 139,223	\$ 141,041

Tamarack manages credit risk primarily by transacting with high quality counterparties, limiting exposure to any individual counterparty, and evaluating the creditworthiness of counterparties before entering contracts utilizing third party and internal evaluations or by requiring security on the transaction. Tamarack's accounts receivables primarily relate to oil and natural gas sales that are typically collected on the 25th day of the month following production. The Company historically has not experienced any material collection issues from its oil and natural gas sales. As at December 31, 2024, credit risk associated with Tamarack's accounts receivables was considered low as 21 investment-grade customers accounted for greater than 90% of outstanding balances (December 31, 2023: 24 customers, greater than 80%).

Under the terms of the Clearwater Infrastructure Partnership 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 infrastructure assets contributed to the partnership in the fourth quarter of 2023. In return, Tamarack received a \$15.0 million promissory note to be collected upon completion of the projects. During the second quarter of 2024, the projects were completed and the promissory note was collected in full.

6. Oil and natural gas assets and assets held for sale

Cost		PP&E	E&E	Total
Balance at December 31, 2022	\$	5,871,537	\$ 51,104	\$ 5,922,641
Investments in oil and natural gas assets		508,924	7,532	516,456
Acquisitions		23,312	-	23,312
Non-cash capitalized costs		16,374	-	16,374
Transfers		6,568	(6,568)	-
Disposals		(855,884)	-	(855,884)
Balance at December 31, 2023	\$	5,570,831	\$ 52,068	\$ 5,622,899
Investments in oil and natural gas assets		435,942	14,963	450,905
Non-cash capitalized costs		37,658	-	37,658
Disposals		(112,418)	-	(112,418)
Balance at December 31, 2024 ⁽¹⁾	\$	5,932,013	\$ 67,031	\$ 5,999,044

⁽¹⁾ Balance at December 31, 2024 includes \$154.0 million of costs related to assets held for sale.

Accumulated depletion, depreciation and impairment losses		PP&E	E&E	Total
Balance at December 31, 2022	\$	1,501,512	\$ 5,742	\$ 1,507,254
Depletion and depreciation		627,897	3,166	631,063
Disposals		(528,389)	-	(528,389)
Balance at December 31, 2023	\$	1,601,020	\$ 8,908	\$ 1,609,928
Depletion and depreciation		584,151	3,868	588,019
Disposals		(47,912)	-	(47,912)
Impairment loss on assets held for sale		38,096	-	38,096
Balance at December 31, 2024 ⁽¹⁾	\$	2,175,355	\$ 12,776	\$ 2,188,131

⁽¹⁾ Balance at December 31, 2024 includes \$116.4 million of accumulated depletion, depreciation and impairment losses related to assets held for sale.

Carrying amounts		PP&E	E&E	Total
At December 31, 2022	\$	4,370,025	\$ 45,362	\$ 4,415,387
At December 31, 2023	\$	3,969,811	\$ 43,160	\$ 4,012,971
At December 31, 2024	\$	3,756,658	\$ 54,255	\$ 3,810,913

Balance sheet presentation (December 31)		2024	2023
Oil and natural gas assets	\$	3,773,355	\$ 4,012,971
Assets held for sale		37,558	-
Carrying amount	\$	3,810,913	\$ 4,012,971

On December 17, 2024, Tamarack entered into a purchase and sale agreement for the disposition of substantially all of the non-core oil and natural gas assets in the Southern Alberta Penny CGU for gross cash proceeds of \$28.0 million before closing adjustments. As at December 31, 2024, the assets and corresponding liabilities are presented as held for sale at their anticipated fair value less costs to sell, resulting in an impairment loss of \$38.1 million. As part of the sale, Tamarack's asset retirement obligations are expected to be reduced by \$14.3 million (Note 11). The transaction is contingent upon the receipt of third-party regulatory approval and is expected to close in the second quarter of 2025. As at December 31, 2024, there were no impairment indicators identified in the Company's remaining three CGUs.

During 2024, the Company also sold other non-core oil and natural gas assets to third parties for nominal proceeds and recorded a loss on disposal of \$46.5 million. As part of these dispositions, Tamarack reduced the Company's asset retirement obligations by \$18.7 million.

On July 31, 2023, the Company issued a gross overriding royalty (between 2% and 5%) on select portions of its Clearwater and Charlie Lake oil properties and sold a working interest in the Company's Wembley gas plant to a third party for cash proceeds of \$39.5 million. The disposals resulted in a gain of \$5.3 million. On November 3, 2023, the Company sold its Cardium oil and natural gas assets to a third party for gross cash consideration of \$123.0 million and recorded a loss on the disposal of \$111.7 million. Net proceeds were \$98.9 million. As part of the disposition, Tamarack reduced asset retirement obligations by \$75.3 million.

Non-cash costs consist of capitalized asset retirement obligations and stock-based compensation. Investments in E&E assets for the year ended December 31, 2024 consist of undeveloped prospective lands in the Greater Peavine Clearwater area. The calculation of depletion at December 31, 2024 included estimated future development costs of \$1.81 billion associated with the Company's proved and probable reserves (December 31, 2023 – \$1.87 billion). Depletion expense related to the Company's oil and natural gas interests was \$579.4 million for the year ended December 31, 2024 (December 31, 2023 - \$623.0 million).

7. Debt

	Credit Facility	Senior Notes	Term Facility	DAP Notes	Total
Balance at December 31, 2022	\$ 415,847	\$ 287,692	\$ 235,000	\$ 256,667	\$ 1,195,206
Proceeds from debt instruments, net	66,601	-	-	-	66,601
Repayment of debt instruments, net	-	(98)	(151,500)	(200,000)	(351,598)
Unrealized foreign exchange gain	(4,335)	-	-	-	(4,335)
Amortization of deferred borrowing costs	3,275	2,829	-	-	6,104
Balance at December 31, 2023	\$ 481,388	\$ 290,423	\$ 83,500	\$ 56,667	\$ 911,978
Repayment of debt instruments, net	(50,245)	-	(83,500)	(56,667)	(190,412)
Unrealized foreign exchange loss	8,967	-	-	-	8,967
Amortization of deferred borrowing costs	4,690	2,900	-	-	7,590
Balance at December 31, 2024	\$ 444,800	\$ 293,323	\$ -	\$ -	\$ 738,123
Terms:					
Effective interest rate (annualized)	7.93%	8.22%	9.06%	5.75%	
Maturity date	April 30, 2027	May 10, 2027	-	-	

Bank Debt

As at December 31, 2024, Tamarack had access to a covenant-based \$875.0 million revolving lending facility (the "Credit Facility"). The Credit Facility bears interest at a variable market-based interest rate plus an applicable credit margin depending on the Company's senior debt to EBITDA ratio. As at December 31, 2024, Tamarack had access to \$423.4 million of undrawn credit under the Credit Facility. There were \$5.9 million of letters of credit issued and outstanding under the facility.

The Credit 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 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. The Syndicated Facility is secured by a \$2.5 billion debenture with fixed coverage over all assets of Tamarack, excluding the Clearwater Infrastructure Partnership assets.

On May 3, 2024, the Credit Facility was amended primarily to extend the maturity date of the facility by one year to April 30, 2027. Borrowings in Canadian funds previously referencing the banker's acceptance rate were replaced with borrowings that reference the Canadian Overnight Repo Rate Average ("CORRA"). 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.

Senior Notes

During 2022, the Company issued \$300.0 million aggregate principal amount of 7.25% interest-bearing senior unsecured notes due May 10, 2027 (the “Senior Notes”). The Senior 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 Senior Notes are not governed by any financial covenants but contain debt incurrence limitations that may restrict the Company’s ability to raise additional senior debt beyond the existing Credit Facility and Senior Notes. The Senior Notes pay interest semi-annually in arrears with the principal amount repayable at the date of maturity. As at December 31, 2024, the fair value of the Senior Notes was approximately 101% of par value (Level 2 valuation).

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. and were fully repaid on March 27, 2024.

Financial covenants on the Credit Facility

Covenant (December 31)	Covenant	2024
Total Debt to EBITDA ratio	<3.5:1.0	0.8:1.0
Senior Debt to EBITDA ratio	<3.0:1.0	0.4:1.0
Interest Coverage ratio	>3.0:1.0	15.4:1.0

Total Debt includes the Company’s Credit Facility, Senior Notes, and certain other liabilities (Note 9). Senior Debt consists of the Credit Facility. EBITDA is calculated as the trailing 12-month net income before interest, income taxes, non-recurring transactions, unrealized gains, unrealized losses, 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 cash interest expense for the trailing twelve months ended.

Redemption options on the Senior Notes

The Company currently holds a prepayment option to repurchase the Senior Notes at a cost of 104.0% of principal as at December 31, 2024. The cost of the prepayment option declines to 102.0% on May 10, 2025 and is reduced at each subsequent anniversary date until maturity. Following a change of control, the Senior Note holders may require the Company to repurchase the Senior Notes, in whole or in part, at a purchase price in cash of at least 101% of the aggregate principal amount, plus accrued interest.

Market exposure

Tamarack’s draws under the Credit Facility are commonly denominated in US currency. Concurrent with these issuances, the Company enters into cross-currency swaps to mitigate substantially all of the foreign exchange risk associated with these short-term revolving borrowings (Note 8).

The Syndicated Facility is subject to variable market-based interest rates. For the year ended December 31, 2024, a 100-basis point increase in Tamarack’s variable-based interest rate loans would have resulted in additional interest expense of \$5.0 million based on the average Credit Facility balance outstanding during the year (December 31, 2023 – \$6.1 million). Tamarack’s cross-currency swaps also mitigate a portion of the exposure to variable market-based interest rates for the duration of the month-to-month contract terms (Note 8).

8. Risk management contracts

	Commodity related contracts	Debt ⁽¹⁾ related contracts	Total
Balance at December 31, 2022	\$ (10,339)	\$ (754)	\$ (11,093)
Realized loss on settlements	30,089	25,134	55,223
Change in fair market value	16,159	(29,552)	(13,393)
Balance at December 31, 2023	\$ 35,909	\$ (5,172)	\$ 30,737
Realized loss (gain) on settlements	11,291	(20,991)	(9,700)
Change in fair market value	(62,872)	30,322	(32,550)
Balance at December 31, 2024	\$ (15,672)	\$ 4,159	\$ (11,513)
Consisting of:			
Current asset	\$ 15,891	\$ 4,159	\$ 20,050
Current liability	\$ (31,563)	\$ -	\$ (31,563)

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

Financial risk management

Tamarack manages risk associated with changes in commodity prices, foreign exchange rates and interest rates by entering into a variety of risk management contracts. Tamarack believes credit risk associated with the risk management contracts is low as the contracts are held with four large investment grade Canadian financial institutions, all of which are members of the Company's lending syndicate. At December 31, 2024, the Company held the following commodity and foreign exchange derivative contract positions:

Crude oil derivatives		Q1 2025	Q2 2025	Q3 2025	Q4 2025
WTI 2-way collar	Volume (bbls/d)	21,000	21,000	17,500	6,500
	Average Put/Call/Premium (USD/bbl)	65.57/86.62/0.18	64.02/84.49/0.43	61.05/82.08/0.29	60.00/80.35/0.40
MSW differential	Volume (bbls/d)	5,000	5,000	5,000	5,000
	Average Fixed Price (USD/bbl)	(3.93)	(3.93)	(3.93)	(3.93)
WCS differential	Volume (bbls/d)	16,500	3,000	2,000	3,000
	Average Fixed Price (USD/bbl)	(15.02)	(13.43)	(13.90)	(14.43)
Natural gas derivatives			Winter 25 ⁽¹⁾	Summer 25 ⁽²⁾	Winter 25-26 ⁽¹⁾
AECO 5A swap	Volume (GJ/d)		-	25,500	-
	Average Fixed Price (CAD/GJ)		-	2.69	-
AECO - NYMEX basis	Volume (mmbtu/d)		11,000	-	-
	Average Fixed Price (USD/mmbtu)		(1.04)	-	-
AECO 7A collar	Volume (GJ/d)		2,500	-	-
	Average Put/Call (CAD/GJ)		2.50/4.35	-	-
NYMEX collar	Volume (mmbtu/d)		23,500	-	7,500
	Average Put/Call (USD/mmbtu)		3.05/4.24	-	3.50/4.75

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

⁽²⁾ Summer runs from April 1 to October 31 of the given year

Foreign exchange derivatives		Q1 2025	Q2 2025	Q3 2025	Q4 2025
CAD/USD collar	Amount (USD/month)	-	-	\$5,000,000	\$5,000,000
	Average Put/Call (CAD/USD)	-	-	1.34/1.39	1.34/1.39
CAD/USD variable collar	Amount (USD/month)	\$32,000,000	\$34,500,000	\$31,500,000	\$31,500,000
	Average Put/Call/knock-in (CAD/USD) ⁽¹⁾	1.34/1.40/1.38	1.34/1.40/1.37	1.34/1.40/1.37	1.34/1.40/1.37
CAD/USD variable collar extension	Amount (USD/month)	\$9,000,000	\$5,000,000	\$3,000,000	\$3,000,000
	Average Put/Call/knock-in (CAD/USD) ⁽¹⁾	1.34/1.41/1.38	1.34/1.43/1.38	1.35/1.44/1.39	1.35/1.44/1.39
CAD/USD Swap	Amount (USD/month)	\$1,000,000	\$4,000,000	\$3,000,000	\$3,000,000
	Average Fixed Price (CAD/USD)	1.36	1.35	1.35	1.35

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

Cross-currency swaps	Contract type	Notional value (\$USD 000s)	Fixed Exchange rate	Fixed interest rate (\$USD)	Fixed interest rate (\$CAD)
Dec 18, 2024 - Jan 17, 2025	Swap	\$ 100,000,000	1.40	6.68%	5.36%
Dec 18, 2024 - Jan 17, 2025	Swap	\$ 17,200,000	1.42	6.68%	5.32%
Dec 18, 2024 - Jan 31, 2025	Swap	\$ 195,400,000	1.44	6.68%	5.41%

Tamarack's risk management contracts are subject to master netting agreements that create the legal right to settle the instruments on a net basis. The following table provides a summary of the financial instruments subject to offsetting that are presented net in the Company's consolidated balance sheets:

	December 31, 2024			December 31, 2023		
	Asset	Liability	Net	Asset	Liability	Net
Current asset	\$ 133,081	\$ (113,031)	\$ 20,050	\$ 261,029	\$ (224,937)	\$ 36,092
Current liability	2,330	(33,893)	(31,563)	111	(5,466)	(5,355)
Net position	\$ 135,411	\$ (146,924)	\$ (11,513)	\$ 261,140	\$ (230,403)	\$ 30,737

Market exposure

December 31, 2024	Increase		Decrease	
US\$10 per bbl change in WTI	\$	(1,074)	\$	21,481
US\$1 per bbl change in MSW differential		(2,614)		2,614
US\$1 per bbl change in WCS differential		(3,186)		3,186
US\$0.25 per mmbtu change in NYMEX		(2,004)		2,072
US\$0.25 per GJ change in AECO		(1,682)		1,682
\$0.01 change in USD\$ to CAD\$ exchange rates	\$	(5,387)	\$	6,132

9. Other liabilities

	Clearwater Infrastructure Partnership	Government loans and other	Lease liabilities	Cash-settled awards (Note 18)	Total
Balance at December 31, 2022	\$ -	\$ 20,825	\$ 10,839	\$ 11,991	\$ 43,655
Right of use asset acquired	-	-	6,266	-	6,266
Liabilities incurred, net	141,995	4,534	-	7,605	154,134
Payments	(425)	(905)	(5,005)	(9,772)	(16,107)
Interest expense	671	-	737	-	1,408
Accretion	-	1,735	-	-	1,735
Balance at December 31, 2023	\$ 142,241	\$ 26,189	\$ 12,837	\$ 9,824	\$ 191,091
Liabilities incurred, net	41,801	-	-	12,652	54,453
Change in estimates	-	(4,381)	1,024	-	(3,357)
Payments	(21,286)	(795)	(3,602)	(6,324)	(32,007)
Interest expense	15,501	-	811	-	16,312
Accretion	512	1,684	-	-	2,196
Balance at December 31, 2024	\$ 178,769	\$ 22,697	\$ 11,070	\$ 16,152	\$ 228,688
Consisting of:					
Current liability	\$ 7,498	\$ 2,579	\$ 3,922	\$ 8,005	\$ 22,004
Non-current liability	\$ 171,271	\$ 20,118	\$ 7,148	\$ 8,147	\$ 206,684

Clearwater Infrastructure Partnership

On December 15, 2023, Tamarack and 12 First Nations and Métis communities (the "Indigenous Communities") completed a series of definitive agreements whereby the Indigenous Communities acquired an 85% non-operating working interest in the newly formed Clearwater Infrastructure Limited Partnership (the "Partnership"). Pursuant to the arrangement, Tamarack transferred certain Clearwater midstream assets with a fair value of \$172.0 million to the Partnership for consideration of \$131.2 million cash, a promissory note of \$15.0 million and a 15% operating working interest.

Tamarack assumed a 16-year take-or-pay commitment for 29,000 boe/d and is responsible for all associated operating and maintenance costs. The Company has also retained full access to 100% of Tamarack's existing midstream capacity and priority access to any incremental capacity above the minimum take-or-pay commitment, where volumes can be utilized on a prescribed fee-for-service basis.

On September 17, 2024, Tamarack expanded the Clearwater Infrastructure Partnership to include a 13th Indigenous community to the arrangement. Under the terms of the transaction, Tamarack transferred additional Clearwater midstream assets with a fair value of \$50.8 million to the partnership for cash consideration of \$43.2 million and retained a 15% operated working interest. In exchange, Tamarack assumed higher fees on the pre-existing 16-year commitment. The take-or-pay volumes did not change and all other material terms of the original partnership arrangement were retained under the expansion.

The Indigenous Communities hold a put option to sell the midstream assets to Tamarack on the 10th and 16th anniversary dates of the agreement for \$131.0 million and \$78.9 million, respectively. Tamarack holds a call option to purchase the midstream assets on the 16th anniversary date for \$149.5 million. No amounts were recorded for the value of the put/call options.

Contributions to the Clearwater Infrastructure Partnership did not constitute a disposition as the Company retained control of the midstream assets. Accordingly, Tamarack continues to report the partnership infrastructure assets as PP&E and has recognized a discounted financial liability of \$178.8 million (net of transaction costs) as of December 31, 2024, reflecting the non-operated 85%

share of the minimum take-or-pay commitment over the remaining term. All intercompany transactions arising in respect of the Company's 15% operated share of the Clearwater Infrastructure Partnership have been eliminated.

Government loans and other

As at December 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 for the construction of certain methane conservation facilities in the Company's Clearwater development area. The 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.

10. Commitments and contingencies

As at December 31, 2024	2025	2026	2027	2028	2029+	Total
Credit Facility	\$ -	\$ -	\$ 445,618	\$ -	\$ -	\$ 445,618
Senior Notes	-	-	300,000	-	-	300,000
Accounts payable and accrued liabilities	199,808	-	-	-	-	199,808
Risk management contracts	31,563	-	-	-	-	31,563
Clearwater Infrastructure Partnership (CIP)	7,498	8,283	9,152	10,187	148,722	183,842
Other liabilities, excluding CIP	14,556	14,905	16,914	4,234	2,588	53,197
Financial liabilities on the balance sheet	253,425	23,188	771,684	14,421	151,310	1,214,028
Interest on debt and other liabilities	66,097	65,031	32,973	15,640	93,445	273,186
Take-or-pay commitments	35,401	34,039	31,203	32,469	58,489	191,601
Processing commitments	8,051	14,242	14,242	13,641	90,812	140,988
Total commitments	\$ 362,974	\$ 136,500	\$ 850,102	\$ 76,171	\$ 394,056	\$ 1,819,803

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 Annual Financial Statements.

11. Asset retirement obligations and liabilities held for sale

December 31	Notes	2024	2023
Balance, beginning of year		\$ 189,971	\$ 264,988
Liabilities incurred		9,403	8,444
Liabilities acquired		-	5,813
Change in estimates		21,279	(2,704)
Liabilities settled		(13,154)	(12,908)
Site rehabilitation program grant		-	(174)
Liabilities disposed	6	(18,673)	(81,561)
Accretion	17	5,782	8,073
Balance, end of year		\$ 194,608	\$ 189,971
Consisting of:			
Current portion of asset retirement obligations		\$ 7,700	\$ 13,000
Liabilities associated with assets held for sale	6	\$ 14,327	\$ -
Asset retirement obligations		\$ 172,581	\$ 176,971

Tamarack's asset retirement obligations reflect the estimated cost to dismantle, abandon, reclaim and remediate the Company's assets at the end of their useful lives. As at December 31, 2024, the Company's total undiscounted and uninflated cash flows required to settle its asset retirement obligations was approximately \$268.1 million and is expected to be incurred over the next 40 years. A risk-free rate of 3.3% (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 asset retirement obligations. As at December 31, 2024, \$14.3 million of asset retirement obligations was reflected as held for sale in respect of the Penny disposition (undiscounted and uninflated cash flows of approximately \$19.7 million) (Note 6).

12. Income taxes

	December 31, 2022	Change recognized in net income	December 31, 2023	Change recognized in net income	December 31, 2024
Deferred income tax continuity					
Oil and natural gas assets	\$ 665,661	\$ (91,817)	\$ 573,844	\$ (43,561)	\$ 530,283
Asset retirement obligations	(59,193)	17,246	(41,947)	(1,061)	(43,008)
Financial instruments and other	(9,048)	12,641	3,593	(16,752)	(13,159)
Deferred income tax liability	\$ 597,420	\$ (61,930)	\$ 535,490	\$ (61,374)	\$ 474,116

As at December 31, 2024, Tamarack had unrecognized deferred tax assets of \$73.5 million (December 31, 2023 - \$74.5 million) primarily consisting of successor resource tax pools obtained through corporate acquisitions in prior years.

Tax rate reconciliation (December 31)	2024	2023
Income before taxes	\$ 209,321	\$ 141,357
Expected tax rate (federal and provincial)	23.0%	23.0%
Expected income tax expense	48,144	32,512
Change in unrecognized deferred tax assets	9,354	11,139
Other permanent differences	(10,396)	3,510
Total income tax expense	\$ 47,102	\$ 47,161
Consisting of:		
Current income tax expense	\$ 108,476	\$ 109,091
Deferred income tax recovery	\$ (61,374)	\$ (61,930)

13. Shareholders' equity

	December 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	(2,981)	-	(2,815)	-
Issuance of common shares for equity compensation units	2,894	-	2,557	-
Purchase of common shares for cancellation	(33,889)	(114,350)	-	-
Balance, end of year	522,207	\$ 1,764,900	556,183	\$ 1,879,250

At December 31, 2024 and December 31, 2023, Tamarack was authorized to issue an unlimited number of common shares and preferred shares without nominal or par value.

Shareholder returns

Year to Date	Cumulative dividend per common share	Total dividends distributed	Shares retired through NCIB (thousands)	Total NCIB repurchases	Total shareholder distributions
December 31, 2022	\$ 0.1165	\$ 55,268	-	\$ -	\$ 55,268
December 31, 2023	\$ 0.1500	83,521	-	-	83,521
December 31, 2024	\$ 0.1505	81,474	33,889	135,352	216,826
Total		\$ 220,263	33,889	\$ 135,352	\$ 355,615

In January 2024, Tamarack received approval from the TSX to purchase up to 54.6 million common shares under a normal course issuer bid until January 18, 2025. During 2024, the Company purchased and cancelled 33.9 million common shares at an average price of \$3.91 per common share, for a total repurchase cost of \$135.4 million, including \$2.6 million of federal taxes. Tamarack de-recognized the net book value of the repurchased shares for \$114.4 million, resulting in a net distribution from contributed surplus and retained earnings of \$21.0 million during the year. There were no common shares purchased for cancellation in 2023.

In the first quarter of 2025, Tamarack renewed the normal course issuer bid, receiving approval from the TSX to purchase up to 51.3 million common shares under a normal course issuer bid until January 18, 2026. As at February 14, 2025, Tamarack had repurchased 6.0 million shares for \$27.6 million. Tamarack also declared cash dividends of \$0.01275 per share on January 14, 2025 and February 14, 2025.

Treasury shares

During the year ended December 31, 2024, the Company acquired 3.0 million common shares for \$11.6 million to settle exercised share-based compensation units (December 31, 2023 - 2.8 million common shares for \$9.6 million). As at December 31, 2024, Tamarack held 0.8 million treasury shares (December 31, 2023 - 0.8 million treasury shares).

14. Earnings per share

December 31		2024	2023
Net income	\$	162,219	\$ 94,196
Weighted average shares outstanding - basic		542,530	556,527
Weighted average shares outstanding - diluted		546,940	560,032
Net income per share - basic	\$	0.30	\$ 0.17
Net income per share - diluted	\$	0.30	\$ 0.17

For the year ended December 31, 2024, 7.6 million common shares issuable upon the exercise and settlement of equity compensation units were included in the calculation of the diluted weighted average number of common shares outstanding (December 31, 2023 – 6.7 million).

15. Capital management

Tamarack's capital structure consists of shareholders' equity, net debt, other liabilities, and working capital. The Company's capital management objective is to provide financial liquidity to sustain future development and growth of the business, return capital to shareholders and repay net debt. Tamarack manages its capital structure based on the risk and expected returns from its investments in oil and natural gas assets, relative to the Company's weighted-average cost of capital. To maintain or adjust the capital structure, the Company may issue shares, utilize debt instruments or adjust capital investment levels to manage current and projected liquidity and debt-to-equity ratios.

The Company actively manages capital and liquidity risk through the continuous monitoring of asset performance, forecasting anticipated future cash flows in conjunction with the design of the annual capital investment programs, maintaining available credit under bank facilities, managing debt maturity dates, hedging a portion of the Company's production, judiciously assessing new capital investment, acquisition or divestment opportunities and the pursuit of new liquidity, if necessary. The Company believes that available credit and anticipated future cash flows will be sufficient to fund Tamarack's 2025 capital development program, dividends and any share repurchases.

Tamarack utilizes adjusted funds flow, free funds flow and net debt as capital management measures to assess financial performance and liquidity. As at December 31, 2024, the Company's ratio of net debt to annualized fourth quarter adjusted funds flow was 0.9 (December 31, 2023 – 1.3).

Adjusted funds flow and free funds flow

December 31	Notes	2024	2023
Cash provided by operating activities		\$ 833,212	\$ 631,626
Settlement of asset retirement obligations	11	13,154	12,908
Changes in non-cash working capital	19	4,594	119,960
Adjusted funds flow		\$ 850,960	\$ 764,494
Investments in oil and natural gas assets	6	(450,905)	(516,456)
Settlement of asset retirement obligations	11	(13,154)	(12,908)
Free funds flow		\$ 386,901	\$ 235,130

Net debt to annualized adjusted funds flow

December 31	Notes	2024	2023
Cash		\$ (7,391)	\$ (2,220)
Accounts receivable	5	(139,223)	(141,041)
Prepaid expenses and deposits		(11,186)	(18,024)
Cross-currency swap (asset) liability	8	(4,159)	5,172
Assets held for sale, net	6, 11	(23,231)	-
Accounts payable and accrued liabilities		199,808	201,531
Working capital deficiency		14,618	45,418
Debt	7	738,123	911,978
Government loans and other	9	22,697	26,189
Net debt		\$ 775,438	\$ 983,585
Current quarter adjusted funds flow		\$ 223,431	\$ 194,771
Annualized factor		4	4
Annualized adjusted funds flow		\$ 893,724	\$ 779,084
Net debt to annualized adjusted funds flow		0.9 x	1.3 x

16. Oil and natural gas sales

December 31		2024	2023
Heavy oil	\$	1,148,018	\$ 990,606
Light oil		502,070	587,798
Natural gas		35,559	70,745
Natural gas liquids		35,085	53,781
Oil and natural gas sales	\$	1,720,732	\$ 1,702,930

17. Finance expense

December 31	Notes	2024	2023
Syndicated Facility	7	\$ 42,012	\$ 61,329
Senior Notes	7	21,750	21,750
Clearwater infrastructure liability	9	15,501	671
DAP Notes	7	792	10,425
Other interest and fees	9	579	1,709
Interest expense		80,634	95,884
Deferred borrowing costs and loan accretion	7, 9	9,786	7,839
Unrealized foreign exchange (gain) loss on debt	7	8,967	(4,335)
Unrealized (gain) loss on cross-currency swap	8	(9,331)	4,418
Accretion of asset retirement obligations	11	5,782	8,073
Finance expense		\$ 95,838	\$ 111,879

18. Stock-based compensation

December 31	Notes	2024	2023
Equity-settled stock-based compensation		\$ 11,876	\$ 9,832
Cash-settled stock-based compensation	9	12,652	7,605
		24,528	17,437
Capitalized stock-based compensation	6	(6,968)	(4,368)
Stock-based compensation expense		\$ 17,560	\$ 13,069

The following table summarizes the change in equity compensation units during the year ended December 31, 2024 and 2023:

Equity compensation plans	RSUs	PSUs	RIAs	PIAs	Stock options	Total
Balance at December 31, 2022	3,972	4,411	434	1,012	1,378	11,207
Granted	2,377	1,495	314	1,205	-	5,391
Exercised	(1,916)	(1,774)	(145)	-	(341)	(4,176)
Forfeited or expired	(639)	(356)	-	-	-	(995)
Balance at December 31, 2023	3,794	3,776	603	2,217	1,037	11,427
Granted	2,933	1,643	599	2,127	-	7,302
Exercised	(1,920)	(1,728)	(259)	-	(677)	(4,584)
Forfeited or expired	(340)	(924)	-	-	-	(1,264)
Balance at December 31, 2024	4,467	2,767	943	4,344	360	12,881
Consisting of:						
Equity-settled units	4,467	2,767	-	-	360	7,594
Cash-settled units (Note 9)	-	-	943	4,344	-	5,287
Units exercisable	-	-	-	-	360	360
Weighted-average remaining life	1.34	1.75	1.32	1.70	1.00	1.54

Share-based awards

The Company's RSUs and RIAs vest over three years from the date of grant (one-third per year) and entitle unitholders to one common share or notional cash equivalent value at the vest date, respectively. PSUs and PIAs vest on the third anniversary date from the date of grant and are also subject to the satisfaction of certain pre-established performance-based vesting conditions. The adjustment factor applied to the vesting of PSUs and PIAs following the performance period can range from 0.0 to 2.0 times,

which may decrease or increase the number of common shares that are ultimately issued to unitholders. RIAs and PIAs are granted with similar terms and vesting structures as the corresponding RSUs and PSUs plans, respectively, except that they are fully cash-settled. At the date of vesting, cash-settled award payouts are equivalent to the notional market value of the Company's common shares based on a trailing 20-day volume-weighted average price. Stock-based awards issued to Senior Management are expected to be settled in cash and awards issued to all other unitholders are expected to be settled with equity.

For the year ended December 31, 2024, Tamarack granted 7.3 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. As at December 31, 2024, if all outstanding, unvested PSUs and PIAs were to vest with the maximum potential performance multiplier of 2.0, Tamarack would be required to issue 4.1 million incremental units (or equivalent cash value) that would have a fair value of approximately \$19.5 million based on the Company's share price at the end of 2024. For the year ended December 31, 2024, actual market and non-market performance adjustment factors on vested PSUs and PIAs averaged 1.25.

19. Supplemental information

Changes in non-cash working capital

December 31	2024	2023
Source/(use) of cash		
Accounts receivable	\$ 1,818	\$ 36,177
Prepaid expenses and deposits	6,838	(11,182)
Accounts payable and accrued liabilities	(1,723)	(142,315)
Net changes per consolidated balance sheet	6,933	(117,320)
Adjusted for:		
Change in other long-term liabilities and other	(1,763)	(3,837)
	\$ 5,170	\$ (121,157)
Consisting of		
Operating activities	\$ (4,594)	\$ (119,960)
Financing activities	\$ 10,492	\$ (15,660)
Investing activities	\$ (728)	\$ 14,463
Income taxes paid	\$ 87,150	\$ 246,909
Interest paid	\$ 81,137	\$ 93,900

Staff compensation

December 31	2024	2023
Salaries, wages and short-term benefits	\$ 33,005	\$ 29,145
Stock-based compensation	23,633	16,768
Total employee remuneration	56,638	45,913
Capitalized portion of total remuneration	(22,383)	(17,076)
	\$ 34,255	\$ 28,837

Related party transactions

As at December 31, 2024, the key executive officers' and directors' compensation is comprised of the following:

December 31	2024	2023
Salaries, wages and short-term benefits	\$ 8,820	\$ 7,146
Stock-based compensation	13,546	8,275
	\$ 22,366	\$ 15,421

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

Rene Amirault⁴
Director

Rob Spitzer^{2,3}
Director

Shannon Joseph⁴
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



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