

Tamarack Valley Energy Ltd. and Sure Energy Inc. Announce Combination, Greater Pembina Cardium Farm-in, and \$25 Million Bought Deal Financing

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CALGARY, ALBERTA -- (Marketwired - Aug. 20, 2013) - [Tamarack Valley Energy Ltd.](#) ("Tamarack" or the "Company") (TSX VENTURE:TVE) and [Sure Energy Inc.](#) (TSX:SHR) ("Sure Energy") are pleased to announce that they have entered into an agreement (the "Arrangement Agreement") whereby Tamarack will acquire all of the issued and outstanding shares of Sure Energy (the "Transaction"). Sure Energy is a public company that has built a significant, Viking focused, land base and development well inventory in the Redwater area of Alberta. Pursuant to the Transaction, Sure Energy shareholders shall receive 0.1050 of a Tamarack common share (a "Tamarack Share") for each Sure Energy common share (a "Sure Energy Share") held. In aggregate, Tamarack will issue 6,360,966 Tamarack Shares to existing Sure Energy shareholders and assume net debt, as at July 31, 2013, of \$32.0 million for total consideration of \$50.3 million, based on the Offering price (outlined below) and including Sure Energy transaction costs of \$2.5 million. The Transaction will be effected by way of a plan of arrangement ("Plan of Arrangement") under the Business Corporations Act (Alberta). The board of directors of Sure Energy have unanimously approved the Transaction and Shareholders representing 37.9% of the issued and outstanding Sure Energy Shares, including the management and board of directors of Sure Energy, have entered into agreements with Tamarack pursuant to which they have agreed to vote their shares in favour of the Transaction.

In addition to the Transaction, Tamarack is pleased to announce that it has entered into a major farm-in and option agreement dated effective August 1, 2013 (the "Farm-In Agreement") with an industry major to earn 70% working interest in up to 113 net sections of highly prospective Cardium lands directly offsetting proven ongoing development projects in the greater Pembina area. With 183 gross (128 net) Cardium locations identified on the farm-in lands, the Farm-In Agreement increases Tamarack's Cardium inventory by approximately 350%. The Farm-in Agreement is an efficient low cost means of managing risk and securing a scalable multiyear economic development project which will improve the operating cost structure through access to the Farmor's existing infrastructure and favorable processing fees.

Concurrent with the Transaction, Sure Energy has entered into a bought deal private placement offering of subscription receipts of Sure Energy ("Subscription Receipts") for aggregate gross proceeds of \$25.0 million with a syndicate of underwriters (the "Underwriters"), led by Dundee Capital Markets (the "Offering"). Upon satisfaction of certain conditions, including satisfaction or waiver of all conditions to the completion of the Plan of Arrangement, each Subscription Receipt shall, without any further action or payment on the part of the holder thereof and pursuant to the Plan of Arrangement, automatically be converted into one Sure Energy Share which will then be immediately exchanged for Tamarack Shares on the basis of 0.1050 Tamarack Shares for each Sure Energy Share held. Pursuant to the Offering 96,200,000 Subscription Receipts will be sold by the Underwriters at a price of \$0.260 per Subscription Receipt which, upon completion of the Plan of Arrangement, will result in the issuance of 10,101,000 Tamarack Shares at an equivalent price of \$2.476 per Tamarack Share. The net proceeds of the Offering will be used to fund 2013 and 2014 capital expenditures, post-closing of the Transaction, and general corporate purposes.

SURE ENERGY TRANSACTION SUMMARY

Tamarack and Sure Energy shareholders will benefit from the combination of complementary Redwater Viking acreage, Tamarack's proven operations efficiencies and further synergies, including scalability of drill programs to help continue to drive down Viking well capital costs. Through the doubling Tamarack's land position in the Redwater Viking, Tamarack will hold 200 net locations which equates to a 7.7 year drilling inventory based on its projected 12 month forward drilling program.

Transaction Characteristics:

- Total Transaction Value(1) \$50.3 million

- Production(2) 938 boe/d (47% Oil + NGLs)
- Proved Reserves(3) 2,325 Mboe
- Proved Plus Probable Reserves(3) 4,246 Mboe
- Proved Plus Probable RLI(4) 14.6 years
- Corporate Operating Netback(5) \$25.55/boe
- Redwater Operating Netback(5) \$58.27/boe
- Drilling Locations(6) 159 locations

Net of undeveloped land at an estimated value of \$7.3 million, using \$100 per acre, the associated Transaction metrics are as follows:

- Production \$45,800/boe
- Proved Reserves \$18.46/boe
- Proved Plus Probable Reserves \$10.11/boe
- Proved Plus Probable Reserves Recycle Ratio 2.5x

1. Including net debt of \$32 million as at July 31, 2013 and transaction costs for Sure Energy of \$2.5 million
2. Production based on Q2'13
3. Gross Reserves are Tamarack internal estimates prepared effective August 2013 by a member of management who is a qualified reserve evaluator in accordance with National Instrument 51-101. Gross Reserves means the Sure Energy's working interest reserves before the calculation of royalties, and before the consideration of the company's royalty interests
4. Based on production of 938 boe/d
5. Based on Q2'13 realized pricing, calculated by subtracting royalties and operating costs from revenue
6. Based on Tamarack internal estimates

CARDIUM FARM-IN

Tamarack has entered into a Farm-In Agreement effective August 1, 2013 with an industry major to access 177 gross sections (113 net) of Cardium lands in the greater Pembina area. Tamarack has committed to drill a minimum of 20 net wells (approximately 31 gross) over the term of the Farm-In Agreement, which expires as at December 31, 2016. Tamarack will earn 70% of the Farmor's working interest upon drilling and completion of a test well, in the section of lands in which such well is drilled and Farmor will share in the equipping and tie-in of the well. Tamarack has been afforded the ability to propose and drill joint wells on earned lands while in the earning phase of the Farm-In Agreement and the Farmor will have the right to participate or to farmout its residual interest subject to a non-convertible gross overriding royalty. A portion of the farmout lands (approximately 22 net sections) is subject to a right of first refusal to the Farmor's partners.

The transaction has several key benefits to Tamarack:

- The farm-in expands Tamarack's inventory of low risk (85% chance of success) development opportunities by approximately 350% to 165 locations within the Cardium fairway
- Minimizes upfront entrance costs and moves to half cycle economics through sizeable acreage position
- Established infrastructure access and favorable processing fee arrangements
- Ability to high grade acreage and initial earning locations by drilling wells directly offsetting existing horizontal Cardium development
- Flexibility to accelerate development drilling while continuing to satisfy the staged earning requirements
- As operator, Tamarack designed the timing of the capital commitments to be able to be funded through existing cash flow

STRATEGIC RATIONALE

The Transaction and Farm-In agreement materially enhances Tamarack's position within its existing light oil core areas establishing Tamarack as a top tier sustainable growth company. The combination of low cost, capital efficient Viking oil exploitation at Redwater and high impact Cardium oil development positions Tamarack for approximately 29% growth in production in 2014 from current pro forma production. With greater critical mass and a concentrated land base within its proven core area, Tamarack will continue to focus on reducing well costs and enhancing economics through a larger drilling program.

Post Transaction Highlights:

- Production(1)	3,828boe/d (56% Oil + NGLs)
- Operating Netback(1)	\$35.90 / boe
- Undeveloped Land	229,130 acres
- Low risk drilling inventory(2)	365 well locations
- P+P Reserves(3)	15,431 mboe

1. Production based on Q2'13, calculated by subtracting royalties and operating costs from revenue
2. Based on Tamarack internal estimates
3. Gross Reserves are Tamarack internal estimates prepared effective August 2013 by a member of management who is a qualified reserve evaluator in accordance with National Instrument 51-101. Gross Reserves means Sure Energy's working interest reserves before the calculation of royalties, and before the consideration of the company's royalty interests

PRO FORMA 2013 AND 2014 GUIDANCE

Proceeds from the Offering will allow Tamarack to increase its 2013 drilling program and, as a result, Tamarack is please to update its corporate guidance for 2013:

- Average production 3,150 to 3,250 boe/d (up from previous 2,900 to 3,000 boe/d)
- Exit production 4,200 to 4,300 boe/d (up from previous 3,100 to 3,200 boe/d)
- Capital expenditure program increase to \$53 to \$55 million from \$33 to \$38 million
- Cash flow \$38 million
- Forecasted year-end debt to estimated Q4/13 annualized cash flow of 1.7 times

In conjunction with the Transaction and the Cardium Farm-In Agreement, Tamarack's Board of Directors have approved a \$62 to \$65 million capital budget for 2014, designed to focus on Cardium horizontal development and Viking oil development. The Company expects to drill approximately 8.4 net Cardium 1-mile horizontals and 26.0 net Viking oil wells. The capital program will be fully funded with forecasted cash flow from operations and pro forma working capital available at closing. The Company expects to have available credit facilities of approximately \$100 million on a pro forma basis, post-closing the Transaction. The 2014 capital program is based on an average WTI price of \$90/bbl Canadian with a \$9 Edmonton Par / WTI differential and an average AECO price of \$3.25/GJ. The current guidance will allow Tamarack to grow on an absolute and per share basis, highlights include:

- 2014 estimate average production rate of 4,950 to 5,050 boe/d (60% liquids)
- 2014 estimate exit production rate of between 5,300 to 5,400 boe/d (60% liquids)
- Anticipated cash flow of \$51 to \$52 million, based on the above commodity price assumptions
- Estimated 2014 year end debt to annualized Q4/14 cash flow from operation of 1.6 times

PLAN OF ARRANGEMENT

Pursuant to the Arrangement Agreement, Tamarack and Sure Energy have agreed that the Transaction will be conducted by way of a plan of arrangement under the Business Corporations Act (Alberta). Tamarack will issue a total of 16,461,966 Tamarack Shares and assume Sure Energy net debt, as at July 31, 2013, of \$32.0 million, in exchange for all of the issued and outstanding shares of Sure Energy as well as the Sure Energy Shares issued pursuant to the Offering, subject to the terms and conditions of the Arrangement Agreement. All dilutive instruments of Sure Energy will vest and be exercised, surrendered or terminated; dilutive instruments carry a range of exercise prices from \$0.39 and \$1.80.

Under the terms of the Arrangement Agreement, Sure Energy has agreed that it will not solicit or initiate any inquiries or discussions regarding any other business combination or sale of assets, subject to the fiduciary duty of the Sure Energy board of directors in the event that an unsolicited superior proposal is received by Sure Energy. Sure Energy has granted Tamarack a five business day right to match any superior proposal. Both Tamarack and Sure Energy have agreed to pay a non-completion fee of \$2.0 million to the other in certain circumstances as set forth in the Arrangement Agreement.

The board of directors of Sure Energy have unanimously approved the Transaction and recommend that shareholders of Sure Energy vote their shares in favour of the Transaction. Shareholders representing 37.9% of the issued and outstanding Sure Energy Shares, including the management and board of directors of Sure Energy, have entered into agreements with Tamarack pursuant to which they have agreed to vote their shares in favour of the Transaction.

The Transaction is subject to the approval of the Alberta Court of Queen's bench under the Business

Corporations Act (Alberta), the receipt of all necessary regulatory and stock exchange approvals, the requisite approval of the shareholders of Sure Energy, completion of the Offering and satisfaction of certain other closing conditions that are customary for a transaction of this nature. It is anticipated that a Sure Energy shareholder meeting will be held in early to mid-October following the mailing of an information circular regarding the Transaction in early to mid-September to shareholders of Sure Energy. Closing of the Transaction is expected to occur in mid-October.

FINANCING

In connection with the Transaction, Sure Energy has entered into an agreement, on a bought deal private placement basis, with a syndicate of Underwriters led by Dundee Capital Markets, and including GMP Securities L.P., National Bank Financial Inc., AltaCorp Capital Inc., Paradigm Capital Inc., Peters & Co. Limited, RBC Capital Markets and Acumen Capital Finance Partners Limited, whereby the Underwriters have agreed to purchase for resale 96,200,000 Subscription Receipts at a price of \$0.260 per Subscription Receipt for gross proceeds of \$25 million. The net proceeds of the Offering will be used to fund 2013 and 2014 capital expenditures and general corporate purposes.

The gross proceeds from the sale of the Subscription Receipts will be held in escrow and will be released from escrow if certain conditions are satisfied by October 18, 2013, including satisfaction or waiver of all conditions to the completion of the Plan of Arrangement. The Subscription Receipts will be subject to a four month hold period, however, upon release of the escrowed funds and pursuant to the Plan of Arrangement, each Subscription Receipt will be converted into one Sure Energy Share which will then be immediately exchanged for Tamarack Shares on the basis of 0.1050 Tamarack Shares for each Sure Energy Share held. Therefore, upon completion of the Plan of Arrangement, Tamarack Shares issued to holders of Subscription Receipts will be generally freely tradeable.

Closing of the Offering is expected to occur on or about September 15, 2013 and is subject to customary conditions and regulatory approvals. Completion of the Plan of Arrangement is expected to occur on or about October 9, 2013, at which time it is anticipated that Subscription Receipts will be converted to Sure Energy Shares and subsequently exchanged for 10,101,000 Tamarack Shares pursuant to the Plan of Arrangement at an equivalent price of \$2.476 per Tamarack Share. If the Transaction is not completed on or before October 18, 2013, or the Arrangement Agreement is terminated at an earlier time, then the purchase price for the Subscription Receipts shall be returned to subscribers, together with a pro rata portion of the interest accrued thereon, if any.

FINANCIAL ADVISORS

Dundee Capital Markets is acting as exclusive financial advisor to Tamarack and GMP Securities L.P. is acting as financial advisor to Sure Energy with respect to the Transaction. GMP Securities L.P. has provided the Board of Directors of Sure Energy with its verbal opinion that, as at the date hereof, and subject to review of final documentation, that the consideration to be received by Sure Energy pursuant to the terms of the Arrangement Agreement is fair, from a financial point of view, to Sure Energy shareholders.

About Tamarack Valley Energy Ltd.

[Tamarack](#) is an oil and gas company involved in the identification, evaluation and operation of resource plays in the Western Canadian sedimentary basin. The Company uses a rigorous, proven modeling process to carefully manage risk and identify growth opportunities. Tamarack's diversified suite of oil-focused assets provides exposure to the high impact Cardium light oil resource plays in Lochend, Garrington/Harmattan and Buck Lake in Alberta, low cost Viking light oil resource plays in Redwater, Foley Lake and Westlock in Alberta and highly economic heavy oil opportunities southeast of Lloydminster in Saskatchewan.

Unit Cost Calculation and Other Terminology

For the purpose of calculating unit costs, natural gas volumes have been converted to a barrel of oil equivalent ("boe") using six thousand cubic feet equal to one barrel unless otherwise stated. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms with Canadian Securities Regulators National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Boe's may be misleading, particularly if used in isolation. Finding and Development costs and netbacks have been calculated in the required manner under NI 51-101. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year

in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

Forward-Looking Information

This press release contains certain forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "potential", "intend", "objective", "continuous", "ongoing", "encouraging", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. More particularly, this press release contains statements concerning management's assessment of future plans and operations, timing of matters related to the approval of the Plan of Arrangement and implementation thereof, the Offering and implementation thereof and the Farm-In Agreement. The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Tamarack relating to timing of matters related to the approval of the Plan of Arrangement and implementation thereof, the Offering, implementation thereof and the Farm-In Agreement and operational plans. Although management considers these assumptions to be reasonable based on information currently available to it, undue reliance should not be placed on the forward-looking statements because Tamarack can give no assurances that they may prove to be correct. By their very nature, forward-looking statements are subject to certain risks and uncertainties (both general and specific) that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures); commodity prices; the uncertainty of estimates and projections relating to production, cash generation, costs and expenses; health, safety, litigation and environmental risks; and access to capital. Due to the nature of the oil and natural gas industry, drilling plans and operational activities may be delayed or modified to react to market conditions, results of past operations, regulatory approvals or availability of services causing results to be delayed and early results on particular wells are not necessarily indicative of longer term results or that wells will ultimately perform on the type curves assumed. Please refer to Tamarack's revised Annual Information Form ("AIF") dated March 27, 2013 for additional risk factors relating to Tamarack. The AIF is available for viewing under the Company's profile on www.sedar.com.

There are risks also inherent in the nature of the proposed Plan of Arrangement, including failure to realize anticipated production increases and anticipated cost savings and other synergies; risks regarding the integration of Tamarack and Sure Energy; incorrect assessment of the value of Tamarack and/or Sure Energy; and failure to obtain the required shareholder, court, regulatory and other third party approvals. This press release also contains forward-looking information concerning the anticipated completion of the Plan of Arrangement and the anticipated timing thereof. Tamarack and Sure Energy have provided these anticipated times in reliance on certain assumptions that it believes are reasonable, including assumptions as to the time required to prepare Sure Energy meeting materials for mailing, the timing of receipt of the necessary regulatory and court approvals and the satisfaction of and time necessary to satisfy the conditions to the closing of the Plan of Arrangement. These dates may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary regulatory or court approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the Plan of Arrangement. In addition, there are no assurances the Plan of Arrangement will be completed. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and readers should not place undue reliance on the forward-looking information contained in this press release.

Forward-looking statements in this news release include statements regarding the timing and completion of the Offering and the conversion of the Subscription Receipts into common shares of Sure Energy and subsequently be exchanged for common shares of Tamarack. The completion and timing of the Offering, is based on a number of assumptions, including, that all approvals for the Offering will be received and no material adverse change will occur in Sure Energy's operations nor will there be any of the events that would trigger termination rights under the agreement with the underwriters.

Forward-looking statements in this news release include statements regarding the timing and completion of the Farm-In Agreement. The completion and timing of the Farm-In Agreement, is based on a number of assumptions, including, that all approvals, if necessary, for the Farm-In Agreement will be received and no material adverse change will occur in the major company's operations nor will there be any of the events that would trigger termination rights under the proposed agreement.

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

herein are expressly qualified by this cautionary statement.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Sure Energy Subscription Receipts, Sure Energy Shares and Tamarack Shares to be offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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