



### MADALENA ANNOUNCES 155% INCREASE TO YEAR END RESERVES AND PROVIDES ARGENTINA UPDATE

Madalena Energy Inc. ("Madalena" or the "Company") (TSXV: MVN and OTC: MDLNF) is pleased to announce the results of its independent reserve reports as at December 31, 2014.

In 2014, the Company focused its efforts on creating a solid platform for continued growth in Argentina. The June 25, 2014 acquisition of certain properties in Argentina was a key transformational transaction that was highly accretive on production, reserves and NPV 10%. In 2014, the growth was also driven by successful horizontal drilling projects on Madalena's Argentina assets.

*The financial and operational information below is based on estimates and are unaudited. All numbers are expressed in Canadian dollars unless otherwise noted.*

#### Year End 2014 Reserves Highlights:

- Proved ("1P") reserves have increased 149% from 2,603 MBoe to 6,490 MBoe;
- Proved plus Probable ("2P") reserves have increased 155% from 4,505 MBoe to 11,494 MBoe;
- 1P and 2P reserves per common share have increased 68% and 72% respectively;
- 2P reserve replacement was 763%;
- 1P Before Tax ("BTax") Net Present Value at a 10% discount rate ("NPV 10%") increased 386% to \$125,955,000;
- 2P BTax NPV 10% increased 297% to \$199,394,000, which is primarily supported by the Company's conventional assets;
- 1P and 2P NPV 10% per common share have increased 227% and 168% respectively;
- Oil and liquids now account for 72% of the 2P reserves up from 50% last year; and
- Finding Development and Acquisition costs ("FD&A") including revisions and changes to future development capital were \$26.41/Boe for 1P and \$21.66/Boe for 2P.

In reference to the 1P and 2P reserves stated above, there are no Proven or Probable reserves associated with the Company's Vaca Muerta shale, Lower Agrio shale or Mulichinco resources plays other than 105 MBoe for minor Vaca Muerta producing and non-producing wells. However, in addition to the 2P NPV 10% value, Madalena's unconventional shale resources were evaluated by Ryder Scott Company in the Vaca Muerta shale, Lower Agrio shale and Basal Quintuco formation throughout the Coiron Amargo, Curamhuele and Cortadera blocks and prepared a comprehensive independent resource report effective December 31, 2012 as highlighted below.

#### Highlights of the Independent Resource Evaluation:

Best Estimate P50 total **petroleum initially in place** ("PIIP") of **34.8 billion boe** (51 % crude oil and natural gas liquids ("NGLs")) net to Madalena, comprised of:

- Best Case P50 discovered PIIP ("DPIIP") of 257.4 million boe (95 % crude oil and NGLs) and
- Best Case P50 undiscovered PIIP ("UPIIP") of 34.6 billion boe (50 % crude oil and NGLs).

Best Estimate P50 contingent and prospective **resources** net to Madalena as follows:

- Best case P50 prospective resources of **2.8 billion boe** (45 % crude oil and NGLs) and
- Best case P50 contingent resources of **19.4 million boe** (95 % crude oil and NGLs).

A further breakdown (by block) of the petroleum initially in place and the resource categories aggregating such total are shown in a series of tables in the advisory section of this document.

The following tables summarize the Company's reserve information as prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101") by McDaniel & Associates Consultants Ltd. ("McDaniel Report") for Canada and GLJ Petroleum Consultants ("GLJ Report") for Argentina. The McDaniel Report and GLJ Report contain several cautionary statements that are required by NI 51-101 and the reserves information presented is subject to the contents of the full reports. Additional information on the Company's reserves as required by NI 51-101 will be filed prior to April 30, 2015 on SEDAR ([www.sedar.com](http://www.sedar.com)).

**Reserves Summary** – Company working interest before royalties using forecasted prices as at December 31, 2014.

	<b>Light and Medium Oil Mbbbl</b>	<b>Heavy Oil Mbbbl</b>	<b>NGLs Mbbbl</b>	<b>Gas MMcf</b>	<b>BOE 6:1 Mboe</b>
<b>Canada</b>					
Proven Developed Producing	250.6	46.9	219.7	3,845.0	1,158.0
Proven Developed Non-producing	63.3	-	20.4	582.3	180.8
Total Proven Developed	313.9	46.9	240.1	4,427.3	1,338.8
Proven Undeveloped	-	-	-	-	-
Total Proved	313.9	46.9	240.1	4,427.3	1,338.8
Probable	366.2	18.0	209.3	6,488.9	1,675.0
Total Proved plus Probable	680.1	64.9	449.4	10,916.2	3,013.8
<b>Argentina</b>					
Proven Developed Producing	2,915.0	-	60.0	3,022.0	3,478.7
Proven Developed Non-producing	497.0	-	2.0	81.0	512.5
Total Proven Developed	3,412.0	-	62.0	3,103.0	3,991.2
Proven Undeveloped	982.0	-	8.0	1,028.0	1,161.3
Total Proved	4,394.0	-	70.0	4,131.0	5,152.5
Probable	2,534.0	-	74.0	4,328.0	3,329.3
Total Proved plus Probable	6,928.0	-	144.0	8,459.0	8,481.8
<b>Consolidated</b>					
Proven Developed Producing	3,165.6	46.9	279.7	6,867.0	4,636.7
Proven Developed Non-producing	560.3	-	22.4	663.3	693.3
Total Proven Developed	3,725.9	46.9	302.1	7,530.3	5,330.0
Proven Undeveloped	982.0	-	8.0	1,028.0	1,161.3
Total Proved	4,707.9	46.9	310.1	8,558.3	6,491.3
Probable	2,900.2	18.0	283.3	10,816.9	5,004.3
Total Proved plus Probable	<b>7,608.1</b>	<b>64.9</b>	<b>593.4</b>	<b>19,375.2</b>	<b>11,495.6</b>

On January 30, 2015, the Keyera operated Paddle River gas plant in Canada was shut-down by Keyera for a minimum two month period. Had this shut-down occurred prior to December 31, 2014, the majority of the Company's Proven Developed Producing reserves would be reclassified to Proven Developed Non-producing. The Proven Developed Non-producing reserves are associated with the Company's recent successful West Cove Nordegg test. Tie-in operations are on hold until economic conditions improve and the Keyera plant situation is satisfactorily resolved.

The majority of the Proven Undeveloped reserves in Argentina are from six (2.1 net) Sierras Blancas conventional horizontal wells at Coiron Amargo and three (100%) horizontal multi frac wells at Puesto Morales. The Company is

currently drilling in both fields. The remaining Proven Undeveloped and Proven Developed Non-producing reserves are from various recompletion projects at Coiron Amargo, Puesto Morales and Surubi in Argentina.

**There are no Proven or Probable reserves associated with the Company's Vaca Muerta shale, Lower Agrio shale or Mulichinco resources plays other than 105 MBoe for minor Vaca Muerta producing and non-producing wells at Coiron Amargo included in the GLJ Report.** However, prospective and contingent resources associated with the Company's Vaca Muerta shale and Lower Agrio shale assets are outlined in a previously conducted Independent Resource Report which is summarized in Madalena's corporate presentation available on its website. The Company intends to drill and conduct stimulation programs on several opportunities on its core unconventional resource plays in 2015.

#### Summary of Net Present Values of Future Net Revenue<sup>(1)</sup>

##### Forecasted Prices and Costs<sup>(2)</sup>

##### Before Income Taxes, Discounted at (%/year)

	As at December 31, 2014		
	0% M\$	10% M\$	15% M\$
<b>Canada</b>			
Proven Developed Producing	8,296	6,233	5,549
Proven Developed Non-producing	1,880	1,266	1,047
Total Proven Developed	10,176	7,499	6,596
Proven Undeveloped	-	-	-
Total Proved	10,176	7,499	6,596
Probable	17,609	6,643	4,024
Total Proved plus Probable	27,785	14,142	10,620
<b>Argentina<sup>(3)</sup></b>			
Proven Developed Producing	102,559	82,958	76,169
Proven Developed Non-producing	27,478	17,115	13,868
Total Proven Developed	130,037	100,073	90,037
Proven Undeveloped	31,869	18,383	14,082
Total Proved	161,906	118,456	104,119
Probable	105,465	66,796	55,095
Total Proved plus Probable	267,371	185,252	159,215
<b>Consolidated</b>			
Proven Developed Producing	110,855	89,191	81,718
Proven Developed Non-producing	29,358	18,381	14,915
Total Proven Developed	140,213	107,572	96,633
Proven Undeveloped	31,869	18,383	14,082
Total Proved	172,082	125,955	110,715
Probable	123,074	73,439	59,120
Total Proved plus Probable	295,156	199,394	169,835

1) It should not be assumed that the present value of estimated future net cash flows shown above are representative of the fair market value of the reserves.

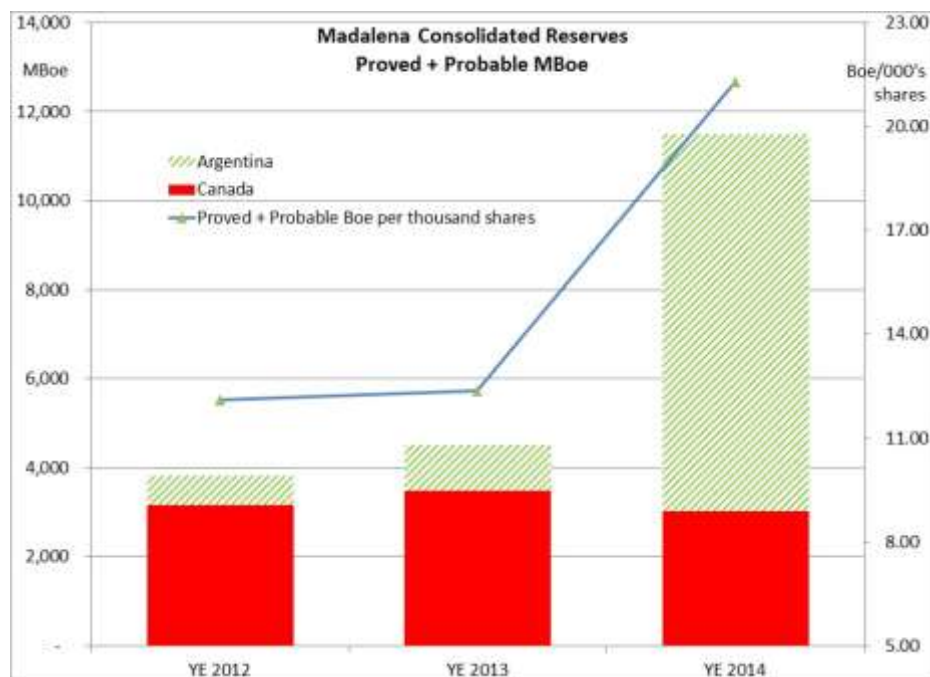
2) Based on McDaniel's forecasted prices for Canada and GLJ's forecasted prices for Argentina as of January 1, 2015.

3) GLJ Report for Argentina was completed in US\$ and has been converted to Canadian dollars based on the December 31, 2014 exchange rate of 1 CDN : 0.862 US.

4) Tables may not add due to rounding.

## Reserves Growth

Proved plus probable reserve growth from 2012 to 2014 is illustrated as follows:



## Reserves Reconciliation

	Proved			Proved plus Probable		
	Mstb	MMcf	MBoe	Mstb	MMcf	MBoe
<b>Canada</b>						
Opening Reserves	764	7,299	1,980	1,379	12,483	3,459
Production	(146)	(945)	(304)	(146)	(945)	(304)
Acquisition						
Additions/Revisions	(16)	(1,927)	(338)	(38)	(622)	(141)
Closing	601	4,427	1,339	1,194	10,916	3,014
<b>Argentina</b>						
Opening Reserves	516	644	623	875	1,028	1,046
Production	(607)	(858)	(750)	(607)	(858)	(750)
Acquisition	4,019	3,653	4,628	6,330	7,330	7,552
Additions/Revisions	535	692	650	472	959	632
Closing	4,463	4,131	5,152	7,071	8,459	8,480
<b>Consolidated</b>						
Opening Reserves	1,279	7,943	2,603	2,254	13,511	4,505
Production	(753)	(1,803)	(1,054)	(753)	(1,803)	(1,054)
Acquisition	4,019	3,653	4,628	6,330	7,330	7,552
Additions/Revisions	519	(1,235)	313	434	337	490
Closing	<b>5,064</b>	<b>8,558</b>	<b>6,490</b>	<b>8,265</b>	<b>19,375</b>	<b>11,494</b>
Reserve Replacement Ratio <sup>(2)</sup>			<b>469%</b>			<b>763%</b>

1) Tables may not add due to rounding.

2) Reserve Replacement Ratio is calculated as total reserve additions net of revisions (including acquisitions net of dispositions) divided by annual production. Madalena averaged 2,055 Boe/d in 2014.

Negative revisions on the existing Canadian 1P and 2P reserves offset additions from the Nordegg West Cove well and one Probable Undeveloped well. As a result, 2P reserves in Canada declined 13% year over year. The Company anticipates that there will be an impairment charge on its Canadian oil and gas assets for the year ending December 31, 2014. This charge will be determined and reported in conjunction with the preparation of the year-end financial statements.

In Argentina, better performance on the Company's Sierras Blancas conventional horizontal play resulted in positive revisions to 1P and 2P reserves of 104% and 60% respectively. The reserves growth from the acquisition relates to the Company's June 25, 2014 acquisition of Argentine business unit from Gran Tierra Energy. There were no negative revisions on these assets and, the resulting 2P reserve addition of 7,552 MBoe compares favorably to the 6,514 MBoe reserve booking in the Company's disclosure materials at the time of the acquisition. The Company's Reserve Replacement Ratio was 469% for 1P reserves and 763% for 2P reserves.

### **Finding and Development ("F&D") and Finding, Development and Acquisition Costs ("FD&A")**

The following table summarizes the F&D for the year based on NI 51-101 methodology which includes changes to estimates of Future Development Capital ("FDC").

\$000s except F&D - \$/Boe	Exploration and Development		Acquisition	
	Proved	Proved plus probable	Proved	Proved plus probable
<b>Canada</b>				
Capital Spending	20,607	20,607		
Change in FDC	(4,941)	(1,118)		
Reserve Additions	(338)	(141)		
F&D - \$/Boe	N/A	N/A		
<b>Argentina</b>				
Capital Spending	15,482	15,482	78,845	78,845
Change in FDC	(433)	(1,825)	21,013	62,254
Reserve Additions	650	632	4,628	7,552
F&D - \$/Boe	23.14	21.61	21.58	18.68
<b>Consolidated (including Acquisition)</b>				
Capital Spending	114,934	114,934		
Change in FDC	15,639	59,311		
Reserve Additions	4,941	8,043		
F&D - \$/Boe	26.43	21.67		

- 1) Acquisition capital includes the purchase price of corporate acquisitions including any estimated working capital plus capital expenditures on these properties post-closing rather than the amounts allocated to property, plant and equipment for accounting purposes.
- 2) The aggregate of the exploration and development costs incurred in the financial year and change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for that year.

### **Argentina Drilling Update**

The Company currently has two horizontal drilling operations underway in Argentina.

At the Coiron Amargo (35% WI) block, the CAN – 16h horizontal well is currently drilling within the targeted Sierras Blancas light oil reservoir. The well is expected to be tied in for production in March 2014.

At the Company's 100% WI Puesto Morales field, the Company is working to unlock the Loma Montosa oil resource play through the utilization of horizontal multi-stage frac technology. Drilling operations have recently commenced on the PMN-1135 horizontal multi-frac well into the Loma Montosa resource play that will be drilled horizontally for approximately 800 metres and completed with approximately 10 frac stages. The Company has

internal geological mapping based on approximately 60 wells which have penetrated the Loma Montosa and there is cumulative production from 16 offsetting vertical wells of approximately 1.7 MMBbls.

The Loma Montosa represents one of four key resource plays being pursued by Madalena in 2015. The Vaca Muerta shale, Agrio shale and liquids-rich Mulichinco comprise the other three resource plays.

### **Oil and Gas Pricing Update**

Oil prices in the regulated domestic market in Argentina continue to remain strong and above the Brent oil benchmark price. The Medanito posted price for the Company's Argentina oil production is US\$ 76.00/Bbl in February.

Natural Gas is also contracted until April 30 (end of Argentina summer) at US\$ 4.10/MMbtu. The Company anticipates entering into a winter contract (May to October) in Argentina at a price greater than US\$ 5.00/MMbtu similar to this past year.

In Canada, the Company has a fixed price for 500 GJ/d at \$3.50/GJ until October 31, 2015. With the temporary shut-in of the Paddle River plant virtually all of the Company's remaining gas production is hedged.

### **Timing of Year End Financials Release and Argentina Investor Tour**

The Company expects to release its 2014 year-end financial results the week of April 13<sup>th</sup>, 2015. Subsequent to the year-end financials being released, Madalena plans to host an Argentina Investor tour the week of April 20<sup>th</sup>, 2015 in Buenos Aires and the Province of Neuquen. Further details for interested investors will be provided at a later date.

### **About Madalena Energy**

Madalena is an independent, Canadian-based, international oil and gas company whose main business activities include exploration, development and production of crude oil, natural gas liquids and natural gas in Argentina and Canada.

In Argentina, Madalena holds over 950,000 net acres across five provinces where it is focused on the delineation of large petroleum in-place shale and unconventional resources in the Vaca Muerta shale, Agrio shale, Loma Montosa oil resource play and liquids-rich Mulichinco. The Company is implementing horizontal drilling and completions technology to develop its high impact conventional and resource plays.

Domestically, Madalena's core area of operations is located in the greater Paddle River area of west-central Alberta where the Company holds approximately 200 gross (150 net) sections of land (approximately 79% average W.I.) encompassing light oil and liquids-rich gas resource plays.

Madalena trades on the TSX Venture Exchange under the symbol MVN and on the OTC under the symbol MDLNF.

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## Reader Advisories

### Forward Looking Information

The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance, and disclosure with respect to reserves or resources is deemed to be forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. In particular, this news release contains forward-looking statements pertaining to operational activities to be conducted by the Company and the expected characteristics of such properties, including, without limitation, the reserves associated therewith. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, including: the impact of general economic conditions; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions, of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits the Company will derive from them. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The forward-looking statements in this news release are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements. Investors are encouraged to review and consider the additional risk factors set forth in the Company's Annual Information Form, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Meaning of Boe

The term "boe" or barrels of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

### Analogous Information

Certain information in this news release may constitute "analogous information" as defined in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), including, but not limited to, information relating to areas, assets, wells and/or operations that are in geographical proximity to or believed to be on-trend with lands held by Madalena. Such information has been obtained from public sources, government sources, regulatory agencies or other industry participants. Management of Madalena believes the information may be relevant to help define the reservoir characteristics within lands on which Madalena holds an interest and such information has been presented to help demonstrate the basis for Madalena's business plans and strategies. However, management cannot confirm whether such analogous information has been prepared in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook and Madalena is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor. Madalena has no way of verifying the accuracy of such information. There is no certainty that the results of the analogous information or inferred thereby will be achieved by Madalena and such information should not be construed as an estimate of future production levels or the actual characteristics and quality Madalena's assets. Such information is also not an estimate of the reserves or resources attributable to lands held or to be held by Madalena and there is no certainty that such information will prove to be analogous in the future. The reader is cautioned that the data relied upon by Madalena may be in error and/or may not be analogous to such lands to be held by Madalena.

### FD&A Costs

This news release includes calculations of finding, development and acquisition ("FD&A") costs for the year ended December 31, 2014. NI 51-101 requires that written disclosure of finding and development costs to be calculated in accordance with Section 5.15 of NI 51-101 which does not include the reserves additions associated with acquisitions or the costs of acquisitions in the calculation. The calculations of FD&A in this news release include the reserves additions associated with acquisitions and the costs of acquisitions as Madalena believes that including the effect of acquisitions provides useful information to investors. 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 reserve additions for that year.

### Notes to Disclosure of Resources

- (1) "Total Petroleum Initially In Place" means DPIIP + UPIIP. When calculating DPIIP, there is no material production or reserves associated with these properties. Contingent resources is the only category of DPIIP that has been categorized as recoverable. Prospective resources is the only category of UPIIP that has been categorized as recoverable. There is no certainty that it will be commercially viable to produce any portion of the contingent resources referred to in the tables above. There is no certainty that any portion of the prospective resources referred to in the tables above will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of these resources.
- (2) Certain volumes are arithmetic sums of multiple estimates of contingent & prospective resources, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained herein. Details on the categories that comprise these calculations are in the tables that follow.

**Coiron Amargo Discovered Petroleum Initially In Place <sup>(1)</sup> (net to Madalena)  
Oil, NGLs and Natural Gas at December 31, 2012**

	Oil & NGLs (MMbbl)			Natural Gas (Tcf)			Oil & NGLs + Natural Gas (MMboe)		
	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10
Vaca Muerta Shale	242.6	244.4	246.2	0.077	0.077	0.078	255.4	257.4	259.2

Note:

- (1) When calculating DPIIP, there is no material production or reserves associated with these properties. All DPIIP, other than contingent resources, has been categorized as unrecoverable. There is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.
- (2) These volumes are arithmetic sums of multiple estimates, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained herein.

**Coiron Amargo Contingent Resources <sup>(1)</sup> (net to Madalena)  
Oil, NGLs and Natural Gas at December 31, 2012**

	Oil & NGLs (MMbbl)			Natural Gas (Tcf)			Oil & NGLs + Natural Gas (MMboe)		
	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10
Vaca Muerta Shale	5.8	18.3	30.6	0.002	0.006	0.01	6.1	19.3	32.2

Notes:

- (1) There is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.

**Coiron Amargo Undiscovered Petroleum Initially In Place <sup>(1)</sup> (net to Madalena)  
Oil, NGLs and Natural Gas at December 31, 2012**

	Oil & NGLs (MMbbl)			Natural Gas (Tcf)			Oil & NGLs + Natural Gas (MMboe)		
	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10
Vaca Muerta Shale	2,687.8	2,717.5	2,747.5	0.851	0.861	0.870	2,829.7	2,860.9	2,892.5

Notes:

- (1) Prospective resources is the only category of UPIIP that has been categorized as recoverable. There is no certainty that any portion of the resources referred to in the table above will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of these resources.
- (2) These volumes are arithmetic sums of multiple estimates, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained herein.



**Coiron Amargo Prospective Resources<sup>(1)</sup> (net to Madalena)**  
**Oil, NGLs and Natural Gas at December 31, 2012**

	Oil & NGLs (MMbbl)			Natural Gas (Tcf)			Oil & NGLs + Natural Gas (MMboe)		
	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10
Vaca Muerta Shale	122.7	249.7	377.2	0.039	0.079	0.119	129.2	262.9	397.1

Notes:

- (1) Prospective resources is the only category of UPIIP that has been categorized as recoverable. There is no certainty that any portion of the resources referred to in the table above will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of these resources.

**Curamhuele Undiscovered Petroleum Initially In Place<sup>(1)</sup> (net to Madalena)**  
**Oil, NGLs and Natural Gas at December 31, 2012**

	Oil & NGLs (MMbbl)			Natural Gas (Tcf)			Oil & NGLs + Natural Gas (MMboe)		
	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10
Lower Agrio Shale	3,835.7	4,763.4	5,834.0	2.777	3.955	5.443	4,298.4	5,422.5	6,741.2
Vaca Muerta Shale	7,884.8	9,642.9	11,762.2	17.405	52.017	90.208	10,785.7	18,312.3	26,796.9
<b>Total</b>	<b>11,720.5</b>	<b>14,406.2</b>	<b>17,596.2</b>	<b>20.182</b>	<b>55.971</b>	<b>95.651</b>	<b>15,084.2</b>	<b>23,734.8</b>	<b>33,538.1</b>

Notes:

- (1) Prospective resources is the only category of UPIIP that has been categorized as recoverable. There is no certainty that any portion of the resources referred to in the table above will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of these resources.
- (2) These volumes are arithmetic sums of multiple estimates, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained herein.

**Curamhuele Prospective Resources<sup>(1)</sup> (net to Madalena)**  
**Oil, NGLs and Natural Gas at December 31, 2012**

	Oil & NGLs (MMbbl)			Natural Gas (Tcf)			Oil & NGLs + Natural Gas (MMboe)		
	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10
Lower Agrio Shale	86.1	328.6	596.2	0.070	0.266	0.524	97.8	373.0	683.5
Vaca Muerta Shale	174.7	667.4	1,207.4	0.663	2.942	8.096	285.2	1,157.6	2,556.7
<b>Total</b>	<b>260.8</b>	<b>996.0</b>	<b>1,803.6</b>	<b>0.733</b>	<b>3.208</b>	<b>8.620</b>	<b>382.9</b>	<b>1,530.6</b>	<b>3,240.2</b>

Notes:

- (1) There is no certainty that any portion of the resources referred to in the table above will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of these resources.

**Cortadera Undiscovered Petroleum Initially In Place<sup>(1)</sup> (net to Madalena)**  
**Oil, NGLs and Natural Gas at December 31, 2012**

	Oil & NGLs (MMbbl)			Natural Gas (Tcf)			Oil & NGLs + Natural Gas (MMboe)		
	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10
Basal Quintuco	46.8	108.8	184.8	16.234	22.706	29.003	2,752.4	3,893.1	5,018.6
Vaca Muerta Shale	52.8	118.0	184.4	22.277	23.656	25.082	3,765.6	4,060.6	4,364.7
<b>Total</b>	<b>99.6</b>	<b>226.8</b>	<b>369.2</b>	<b>38.510</b>	<b>46.362</b>	<b>54.085</b>	<b>6,518.0</b>	<b>7,953.7</b>	<b>9,383.3</b>

Notes:

- (1) Prospective resources is the only category of UPIIP that has been categorized as recoverable. There is no certainty that any portion of the resources referred to in the table above will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of these resources.
- (2) These volumes are arithmetic sums of multiple estimates, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained herein.

**Cortadera Prospective Resources<sup>(1)</sup> (net to Madalena)**  
**Oil, NGLs and Natural Gas at December 31, 2012**

	Oil & NGLs (MMbbl)			Natural Gas (Tcf)			Oil & NGLs + Natural Gas (MMboe)		
	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10	Low Estimate P90	Best Estimate P50	High Estimate P10
Basal Quintuco	5.6	14.0	27.2	1.745	2.932	4.569	296.5	502.6	788.7
Vaca Muerta Shale	6.4	14.8	27.6	1.958	3.189	4.428	332.7	546.3	765.6
<b>Total</b>	<b>12.0</b>	<b>28.8</b>	<b>54.8</b>	<b>3.703</b>	<b>6.121</b>	<b>8.997</b>	<b>629.2</b>	<b>1,048.9</b>	<b>1,554.3</b>

Notes:

- (1) Prospective resources is the only category of UPIIP that has been categorized as recoverable. There is no certainty that any portion of the resources referred to in the table above will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of these resources.

*Definitions*

"Contingent resources"

Definition: Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage.

"Discovered petroleum initially-in-place" or "discovered resources" or "DPIIP"

Definition: That quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially-in-place includes production, reserves and contingent resources; the remainder is unrecoverable.

"Prospective resources"

Definition: Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.

"Total petroleum initially-in-place", "total resources" or "TPIIP"

Definition: That quantity of petroleum that is estimated to exist originally in naturally occurring accumulations; equal to DPIIP plus UPIIP. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered.

"Undiscovered petroleum initially-in-place", "undiscovered resources" or "UPIIP"

Definition: That quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially-in-place is referred to as prospective resources; the remainder is unrecoverable.

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