

## **Subject: Madalena Announces an Independent Evaluation of Argentina Resource Report to be 4X Higher than previous estimates...Estimated 34.8 Billion Barrels of Oil Equivalent**



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Dear Alphastox Subscribers,

Longtime client Madalena Ventures (MVN) just announced this morning that Ryder Scott Petroleum Consultants, an oil and gas resource reporting expert, evaluated the Neuquen basin's unconventional shale resources and came up with unbelievable numbers... 34.8 Billion Barrels of Oil Equivalent-shocking analysts on the street.

Ryder Scott is known to be one of the world's leading experts in the field, especially when it comes to evaluating resource potential in the Vaca Muerta. No one has done more resource estimates in the area than Ryder Scott. They are one of the most sought-after consultants in the world and their credibility is second to none. These figures have been based on substantial drilling as well as figures gained from other companies in the area (such as YPF at the Loma Lata area where \$1 Billion to \$1.5 Billion dollar joint ventures in the shale are taking place)but the best part is, not all of Madalena's assets were evaluated, which shows huge upside potential. Madalena holds three land blocks within the Neuquen basin in Argentina for a total approximately 135,000 net acres.

Results from MVN resource estimate per land block is highlighted below:

Madalena's Coiron Amargo block has an estimated 3.1 billion boe (95% oil) plus prospective recoverable resources of over 280 million boe (95% oil). On the company's Curamhuele block, they have over 23.7 billion boe (61% oil) plus prospective recoverable resources of over 1.5 billion boe (65% oil). Madalena's Cortadera block has over 7.9 billion boe (97% gas) plus prospective recoverable resources of over 1 billion boe (97% gas).

Like we mentioned before, tough times amount to great opportunities...this is one of them. The stock is heavily undervalued, currently sitting at around an \$80 million market cap which is poised to move higher quickly once the market takes note of these results and the potential of Argentina. MVN is still sitting with approximately \$30 million in cash (based on financials dated December 31<sup>st</sup> 2012), zero debt and plenty of upside from their Alberta assets.

If you only take away three things from this release, you need to remember this:

- MVN has a very strong balance sheet (\$30 million cash) and zero debt

- Production currently of 1,200 boe/d (44% oil and liquids) base production with 1200 boe/d behind pipe from recently drilled Ostracod wells, should come on stream this quarter.
- 2P Reserves increase by 149% to 3.9MMboe

A large investment bank covering Madalena has just updated their price target to \$3.50/share from \$1.30/share and the stock is currently sitting at \$0.285.

As always, if you have any questions, please do not hesitate to get in contact with me anytime.

Best,  
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