



Madalena Ventures

May 21st 2013

Chevron-YPF deal heightens investor interest in Madalena Ventures Vaca Muerta shale oil acreage

Madalena Ventures' (CVE:MVN) shares are on the rise again today after investors and analysts weighed up the implications of news that Chevron (NYSE:CVX) and YPF have increased their investment commitments in the Vaca Muerta oil shale oil reservoir, where Madalena has interests in two blocks.

Chevron said it is preparing an investment to develop Argentina's Vaca Muerta, possibly the world's second-largest shale oil reservoir, with partner YPF. On May 15, Chevron, the second-biggest U.S. oil company, and Argentine state-owned oil firm YPF signed a contract establishing terms for a definitive agreement that will start with a \$1.5 billion investment and may reach as much as \$15 billion.

"The [Chevron] deal size was increased to \$1.5 billion from \$1 billion, between Chevron and YPF, which is offset to Madalena's Coiron Amargo block," Madalena's Chief Executive Officer Kevin Shaw said in remarks to Proactive Investors on Tuesday.

Calgary-based Madalena has two blocks in the Vaca Muerta and Agrio Shales at Coiron Amargo (35 percent W.I.) and Curamhuele (90 percent W.I.).

The development of Vaca Muerta, which means "dead cow" in Spanish, is still in the preliminary stages. The final YPF-Chevron agreement should be signed in July, once outstanding trade and tax issues are hammered out. The pilot program includes 100 non-conventional oil wells that are expected to be drilled in 2013. Under the terms of the agreement, YPF will transfer a 50 percent interest in the Loma Lata Norte and Loma Campana field.

YPF is expected to have approximately 10,000 barrels of oil equivalent per day, or boe/d of shale production now online in the Loma Lata area. YPF currently produces approximately 10,000 boe/d composed of 5,500 barrels a day of light oil, 1,700 of NGL's and 16.8 million cubic feet per day of natural gas from the unconventional shales. The Loma Lata Norte and Loma Campana fields are located near Madalena's Coiron Amargo block.

Meanwhile, Madalena is driving ahead with Vaca Muerta shale drilling at Coiron Amargo with a rig expected to mobilize to the block within a 30 day period, with multiple wells to be drilled in the oil window of the shales in 2013 onward, according to Shaw.

Madalena continues to ramp up production through its horizontal resource plays in Western Canada, while also driving forward on plans to further unlock significant value across its shale assets within the Neuquen basin in Argentina.

In late April, Madalena released a resource statement on its unconventional shale resources on its three land blocks within the Neuquen basin.

The report, done by Ryder Scott Petroleum Consultants, showed a best case scenario of 34.8 billion barrels of oil equivalent total petroleum initially in place, 51 per cent of which is made up of crude oil and natural gas liquids.

Of this, in the best case, 257.4 million barrels of oil equivalent were "discovered petroleum initially in place", while 34.6

Price: C\$0.44

Market Cap: C\$139.08M

1 Year Share Price Graph



Share Information

Code: MVN

Listing: TSX-V

Sector: Oil & Gas Exploration & Production

Website: www.madalena-ventures.com

Company Synopsis:

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

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billion barrels of oil equivalent were termed "undiscovered".

Best case contingent plus prospective recoverable resources were estimated at 2.9 billion barrels of oil equivalent - comprised of 19.4 million barrels of "contingent" recoverable resources, and 2.8 billion barrels of "prospective" recoverable resources.

Madalena holds 135,000 net acres on the Coiron Amargo, Curamhuele and Cortadera blocks within the Neuquen basin. The company's exposure to multiple, high impact tight sand plays in the Neuquén Basin is key, specifically the Vaca Muerta shale - which the company calls the most tangible shale play outside of North America.

The main zones of interest for the independent resource evaluation focused on the Vaca Muerta shale, the Lower Agrio shale and Basal Quintuco, the company said, with the report based on data from 19 delineation and discovery wells on the blocks, as well as 3D or 2D seismic coverage.

At just over a \$130 million market cap versus \$1.5 Billion dollar transactions in the Vaca Muerta shale, Madalena has a significant value proposition and optionality for investors.

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