ARGENTINA OIL & GAS RESOURCE DELINEATION AND DEVELOPMENT

APRIL 2016
**READER ADVISORIES**

**Forward-Looking Statements or Information**

Certain statements contained in this presentation of Madalena Energy Inc. ("Madalena" or the "Corporation") constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of the "safe harbour" provisions of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "illustrative", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "objective", "aim", "potential", "target", "seek", "budget", "predict", "might" and similar words and derivatives thereof suggesting future events or future performance. All statements other than statements of historical fact may be forward-looking statements. In addition, statements relating to "reserves" or "resources" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves or resources described exist in the quantities predicted or estimated and can be profitably produced in the future. In particular, this document contains, without limitation, forward-looking statements pertaining to the following: all details of, all projections of future activities related to, and all expectations of our performance and results as a result of executing Madalena's short and long term plans, strategies and goals, and the benefits anticipated to accrue to Madalena and its securityholders as a result thereof; expected production levels; expected additional oil and gas plays that could provide opportunities to the Corporation; expected product types in the Corporation's areas in which it holds assets; expected operations to be undertaken by the Corporation in the future and the timing thereof; type-curves for various kinds of wells that are expected by the Corporation and the assumptions related thereto; growth; the use of funds from production; Madalena's inventory of drilling locations; the expected quality of the Corporation's assets and the probability of successful operations on such assets; the thickness of zones in Madalena's assets; the quality of infrastructure in the areas in which the Corporation operates; matters pertaining to Madalena's reserves and resources; Madalena's corporate vision; matters pertaining to capital budget matters, including the source of funds for the budget; improving netbacks and operating costs; matters pertaining to commodity prices and our operating environment; and matters pertaining to the disclosed financing discussed herein.

With respect to forward-looking statements contained in this document, we have made assumptions regarding, among other things: the expected nature of and timing of operational activity; Madalena's ability to execute on its short and long-term plans as described herein and the impact that the successful execution of such plan will have on Madalena and its shareholders; the laws and regulations that Madalena will be required to comply with, including laws and regulations relating to taxation, royalty regimes and environmental protection; future capital expenditure levels; future crude oil, natural gas liquids and natural gas prices and differentials between light, medium and heavy oil prices and Canadian, WTI and world oil prices; future crude oil, natural gas liquids and natural gas production levels; drilling results; future exchange rates and interest rates; future debt levels; the cost of expanding Madalena's property holdings and growing production; Madalena's ability to obtain equipment in a timely manner to carry out exploration and development activities and the costs thereof; Madalena's ability to market oil and natural gas successfully to current and new customers; the impact of increasing competition; Madalena's ability to obtain financing on acceptable terms; and our ability to add production and reserves through Madalena's development and exploitation activities. In addition, many of the forward-looking statements contained in this document are located proximate to assumptions that are specific to those forward-looking statements, and such assumptions should be taken into account when reading such forward-looking statements.

Although Madalena believes that the expectations reflected in the forward-looking statements contained in this presentation, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause our actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things: the possibility that Madalena will not be able to successfully execute its short or long-term plan in part or in full, and the possibility that some or all of the benefits that Madalena anticipates will accrue to it and its securityholders as a result of the successful execution of such plans do not materialize; the impact of weather conditions on seasonal demand and Madalena's ability to execute capital programs; risks inherent in oil and natural gas operations; uncertainties associated with estimating reserves and resources; competition for, among other things, capital, acquisitions of reserves, resources, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; geological, technical, drilling and processing problems; general economic and political conditions in Canada, the U.S., Argentina and globally, and in particular, the effect that those conditions have on commodity prices and Madalena's access to capital; industry conditions, including fluctuations in the price of crude oil, natural gas liquids and natural gas; price differentials for crude oil produced in Canada and Argentina, respectively; exchange rates and interest rates; future debt levels; the cost of expanding Madalena's property holdings and growing production; Madalena's ability to obtain equipment in a timely manner to carry out exploration and development activities and the costs thereof; Madalena's ability to market oil and natural gas successfully to current and new customers; the impact of increasing competition; Madalena's ability to obtain financing on acceptable terms; and our ability to add production and reserves through Madalena's development and exploitation activities. In addition, many of the forward-looking statements contained in this document are located proximate to assumptions that are specific to those forward-looking statements, and such assumptions should be taken into account when reading such forward-looking statements.

The forward-looking statements contained in this document speak only as of the date of this document. Except as expressly required by applicable securities laws, we do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.
MANAGEMENT TEAM

Steven Sharpe - Interim President & CEO
- Former Chairman & Interim CEO of Longview Oil Corp. (acquired by Surge Energy Inc.) & Advantage Oil & Gas Ltd.
- Former Director of Renegade Petroleum Ltd. (acquired by Spartan Energy Corp.)

Thomas Love, CA – VP, Finance & CFO
- Previously CFO, Online Energy Inc., CFO, Trimox Energy and Moxie Exploration and President & CEO, Moxie Petroleum
- Prior thereto with Westward Energy Ltd. and Charterhall Oil Canada, Articled at Clarkson Gordon & Co. (now Ernst & Young LLP)

Steve Dabner, P. Geol. – VP, Exploration & New Ventures
- Previously President and CEO, Online Energy Inc., President & CEO, Trimox Energy and Moxie Exploration and VP Exploration, Moxie Petroleum
- Prior thereto with Cimarron Petroleum Ltd. and Home Oil Company Ltd.

Stephen Kapusta, P. Eng. – VP, Engineering
- Over 30 years of diverse Operations, Reservoir Engineering and Management experience.
- Previously with Texaco, Unocal, Star Oil & Gas, Canex Energy and Zargon in senior officer, director, consultant or manager roles

Ruy Riavitz – Argentina Country Manager
- Previously E&P Manager, Hidenesa Gas SA (now GyP of Neuquen) & Independent Engineering Consultant
- Prior thereto Senior Consultant, PA Consulting, Reservoir Engineer, YPF

BOARD OF DIRECTORS

Gus Halas
- Director of Triangle Petroleum Corp. & executive roles at Central Garden & Pet, T-3 Energy Services, Dresser’s Pump Services & Aquilex Corp

Barry Larson
- Recently retired VP, Operations & COO, Parex Resources Inc.

Keith MacDonald
- President, Bamako Investment Management Ltd; Director of Surge Energy Inc. and Bellatrix Exploration Ltd.

Eric Mark
- Managing Director, Batuta Capital Advisors

Jay Reid
- Partner, Burnet, Duckworth & Palmer LLP

Raymond Smith
- President, CEO & Director, Bellatrix Exploration Ltd.

Steven Sharpe (Chairman)
- Interim President & CEO, Madalena Energy Inc.

Ving Woo
- Recently retired VP, Engineering & COO, Bellatrix Exploration Ltd.
**MADALENA ENERGY: Overview**

**FOCUSED ON DELINEATING SHALE AND UNCONVENTIONAL RESOURCES IN ARGENTINA**

- Trading Symbol: TSXV MVN
  OTCQX MDLNF

- Share Price¹ (CDN$/sh) $0.22
- Diluted Shares Outstanding (MM) ~542.1
- Market Capitalization (CDN$MM) ~$120.0

- Dec. 31, 2015 Positive Working Capital (US$MM) $0.5
- Dec. 31, 2015 Long Term Debt (US$MM) $2.0
- Average Q4 2015 Production (Boe/d) 3274

**Three Unconventional Resource Plays² - Potential Growth & Strategic Value**

- Sept. 30, 2015 Best Estimate Contingent Resources ~105 MMBoe (~173 MMBoe Unrisked)
- Sept. 30, 2015 Best Estimate Prospective Resources ~192 MMBoe (~1,523 MMBoe Unrisked)

**2 BASINS ➞ 4 PROVINCES ➞ 11 BLOCKS ➞ ~950,000 NET ACRES**

Notes:
1) Share price as at April 13, 2016.
2) Please refer to Appendix #3 on slide 30 for additional details pertaining to Madalena’s resources.
INVESTMENT THESIS: Why Madalena? Why Now?

- Pure play exposure to Argentina’s Vaca Muerta shale & Lower Agrio shale plays and Scalable Conventional Resource Development

- Good torque on oil & gas in Argentina with Vaca Muerta upside exposure

- Madalena believes that Argentina’s new pro-business, pro-energy President and Government recognizes the necessity to attract foreign investment to reduce the energy deficit; Madalena believes that now is the time to invest in Argentina

- Highest oil prices in the world today at US$67.50/bbl (Argentine Medanito crude) and attractive fiscal terms (royalties 12% to 15%)

- Balanced Business Plan (Including Strategic Partnerships)
  - Horizontal Development Drilling in Loma Montosa & Sierras Blancas Oil Plays
  - Horizontal Drilling at Coiron Amargo for Vaca Muerta shale (oil)
  - Horizontal Drilling at Curamhuele for Lower Agrio shale (oil)

- Uniquely positioned company with low-risk conventional development coupled with opportunities in world-class shale plays
ARGENTINA OIL PRICING: Regulated Premium to Brent Maintained

- In Argentina, oil prices are set by the government for product sold into the domestic oil market.
- 2016 current (Medanito) posted oil price set at **US$67.50 per barrel**.
- Gas contracted at **US$4.20/Mbtu** for period October 2015 to April 2016. Winter contract May to September (Last year US$5.30/Mbtu).

Domestic fuel prices remain within the mid-range of global pricing while supporting the current US$67.50/Bbl crude oil price.

Note: 1) Source: February 16, 2016 World gasoline prices – GlobalPetrolPrices.com
Contingent and Prospective Resources (Net to Madalena’s WI) as evaluated by GLJ and Ryder Scott effective Sept. 30, 2015¹

- **Contingent Resources** include:
  - Vaca Muerta shale at Coiron Amargo
  - Deep Gas at Valle Morado

- **Prospective Resources** include:
  - Vaca Muerta shale at Curamhuele
  - Lower Agrio shale at Curamhuele

Notes:
1) Please refer to Appendix #3 on slide 30 for additional details pertaining to Madalena’s resources.
2) As of December 31, 2015 the Company’s total Proved plus Probable Reserves were 11.4 MMBoe as evaluated in accordance with NI 51-101 and the COGE Handbook by GLJ, in respect of the Company’s reserves in Argentina, and McDaniel and Associates Consultants Ltd., in respect of the Company’s reserves in Canada. There are no reserves associated with the Company’s Lower Agrio shale or Valle Morado properties.
### MADALENA ENERGY: Net Present Value + Resources Upside

- **Contingent and Prospective Resources** as evaluated by GLJ and Ryder Scott effective Sept. 30, 2015
- **2P Reserves** as evaluated by GLJ effective Dec. 31, 2015

<table>
<thead>
<tr>
<th>RESERVES</th>
<th>BOE (MBoe)</th>
<th>NPV @ 10% (CDN$MM)³</th>
<th>NPV/Share (CDN$/Share)³</th>
</tr>
</thead>
<tbody>
<tr>
<td>PP + PNP</td>
<td>3,855</td>
<td>83.8</td>
<td>$0.15</td>
</tr>
<tr>
<td>PUD</td>
<td>1,570</td>
<td>17.7</td>
<td>$0.03</td>
</tr>
<tr>
<td>Total Proved</td>
<td>5,425</td>
<td>101.5</td>
<td>$0.18</td>
</tr>
<tr>
<td>Probable</td>
<td>3,709</td>
<td>70.1</td>
<td>$0.14</td>
</tr>
<tr>
<td>Proved + Probable</td>
<td>9,134</td>
<td>171.6</td>
<td><strong>$0.32</strong></td>
</tr>
</tbody>
</table>

### UPSIDE:

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th>Best Estimate (MMBoe)</th>
<th>Best Estimate (Unrisked) (MMBoe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent</td>
<td>105.2</td>
<td>172.7</td>
</tr>
<tr>
<td>Prospective</td>
<td>192.0</td>
<td>1,522.5</td>
</tr>
</tbody>
</table>

**Notes:**
1) Please refer to Appendix #3 on slide 30 for additional details pertaining to Madalena’s resources.
2) As of December 31, 2015 the Company’s total Proved plus Probable Reserves in Argentina were 9.1 MMBoe as evaluated in accordance with NI 51-101 and the COGE Handbook by GLJ Petroleum Consultants. There are no reserves associated with the Company’s Lower Agrio shale or Valle Morado properties.
3) The GLJ reserves report for Argentina dated Dec. 31, 2015 was completed in US$ and has been converted to Canadian dollars based on the Dec. 31, 2015 exchange rate of CDN$1.00 = US$0.7225
**Block Summary**

<table>
<thead>
<tr>
<th>Block</th>
<th>W.I.</th>
<th>Operator</th>
<th>Net Acres</th>
<th>Province/Basin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valle Morado&lt;sup&gt;1&lt;/sup&gt;</td>
<td>97%</td>
<td>Madalena</td>
<td>47,423</td>
<td>Salta/Noroeste</td>
</tr>
<tr>
<td>Santa Victoria&lt;sup&gt;1&lt;/sup&gt;</td>
<td>100%</td>
<td>Madalena</td>
<td>516,846</td>
<td>Salta/Noroeste</td>
</tr>
<tr>
<td>El Vinalar</td>
<td>100%</td>
<td>Madalena</td>
<td>61,035</td>
<td>Salta/Noroeste</td>
</tr>
<tr>
<td>El Chivil</td>
<td>100%</td>
<td>Madalena</td>
<td>30,394</td>
<td>Formosa/Noroeste</td>
</tr>
<tr>
<td>Surubi</td>
<td>85%</td>
<td>Madalena</td>
<td>77,200</td>
<td>Formosa/Noroeste</td>
</tr>
<tr>
<td>Palmar Largo</td>
<td>14%</td>
<td>High Luck</td>
<td>20,532</td>
<td>Formosa/Noroeste</td>
</tr>
<tr>
<td>Curamhuele&lt;sup&gt;2&lt;/sup&gt;</td>
<td>90%</td>
<td>Madalena</td>
<td>50,595</td>
<td>Neuquén/Neuquén</td>
</tr>
<tr>
<td>Coiron Amargo</td>
<td>35%</td>
<td>Roch</td>
<td>34,951</td>
<td>Neuquén/Neuquén</td>
</tr>
<tr>
<td>Cortadera&lt;sup&gt;1&lt;/sup&gt;</td>
<td>38%</td>
<td>Yac. del Sur</td>
<td>46,522</td>
<td>Neuquén/Neuquén</td>
</tr>
<tr>
<td>Puesto Morales&lt;sup&gt;2&lt;/sup&gt;</td>
<td>100%</td>
<td>Madalena</td>
<td>31,254</td>
<td>Río Negro/Neuquén</td>
</tr>
<tr>
<td>Puesto Morales Este</td>
<td>100%</td>
<td>Madalena</td>
<td>1,483</td>
<td>Río Negro/Neuquén</td>
</tr>
<tr>
<td>Rinconada Sur&lt;sup&gt;2&lt;/sup&gt;</td>
<td>100%</td>
<td>Madalena</td>
<td>28,417</td>
<td>Río Negro/Neuquén</td>
</tr>
</tbody>
</table>

**Note:**

1. Currently non-producing properties with no reserves assigned
2. Puesto Morales and Rinconada Sur combine to form 1 Block

**Total Net Acres**: 946,652

**Total Gross Acres**: 1,235,223

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FOCUS: Delineating Strategic Resources in the Neuquén Basin

- Focused on Horizontal Multi-frac Operations

  **CURAMHUELE**
  - Lower Agrio shale oil delineation with horizontal multi-frac well(s)
  - Continued Mulichinco gas/NGL appraisal

  **NEUQUÉN BASIN**

  **COIRON AMARGO**
  - Vaca Muerta shale oil delineation with horizontal multi-frac wells
  - Sierras Blancas conventional development through horizontal drilling

  **PUESTO MORALES**
  - Loma Montosa oil resource development through horizontal multi-frac drilling program

*** See “Analogous Information” on slide 36 of this presentation.
2016 – Focused Operations
- Raise capital to commence Vaca Muerta shale Hz delineation at Coiron Amargo and Loma Montosa Hz development drilling at Puesto Morales
- Seek strategic partner to help develop Curamhuele Lower Agrio shale
- Planning to divest Canadian assets (Pending deal announced Feb. 9, 2016) and non-core Argentina assets

2017 – Continue Delineation of Key Resource Plays
- Increase development drilling program at Puesto Morales
- Second round of Vaca Muerta shale Hz multi-frac drilling at Coiron Amargo
- Lower Agrio Hz multi-frac delineation well at Curamhuele (attempt to have fully funded by JV partner)

2018 – Demonstrate Cost Efficiencies and Position for Commercial Development
- Improve development drilling efficiencies
- Prove-up Vaca Muerta and Lower Agrio shale acreage and development drilling inventory

Note: 1) There is no certainty that the Company will be able to execute the above operations in the prescribed time-frame. Contingencies include but are not limited to access to financial resources, services and equipment and continued technical success.
**DRILLING INVENTORY: Large Resources & Scalable Plays**

**NUMBER OF WELL LOCATIONS (Net to Madalena)**

<table>
<thead>
<tr>
<th></th>
<th>BOOKED¹</th>
<th>UNBOOKED², ³, ⁴, ⁵, ⁶</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUESTO MORALES (Loma Montosa Resource Play)</td>
<td>12</td>
<td>36</td>
<td>48</td>
</tr>
<tr>
<td>COIRON AMARGO (Vaca Muerta Shale)</td>
<td>1</td>
<td>180</td>
<td>181</td>
</tr>
<tr>
<td>CURAMHUELE (Vaca Muerta Shale)</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td>CURAMHUELE (Lower Agrio Shale)</td>
<td>513</td>
<td>513</td>
<td>513</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>864</td>
<td>877</td>
</tr>
</tbody>
</table>

¹ The Reserves Report effective as of December 31, 2015 prepared by GLJ Petroleum Consultants in accordance with NI 51-101 and the COGE Handbook contains 12.0 net Loma Montosa Hz undeveloped wells with Proved plus Probable Reserves of 202 Mboe/well and 1.05 net Vaca Muerta Hz undeveloped wells with Proved + Probable Reserves of 875 Mboe/well.

² See Reader Advisories on slide 36 for more information on “Unbooked Drilling Locations”.

³ Unbooked locations for Puesto Morales are based on Madalena’s management mapped primary targets reflecting four Hz multi-frac wells every 640 acres.

⁴ Unbooked locations for Coiron Amargo Vaca Muerta are based on the GLJ Resource Report effective September 30, 2015 and represent four Hz multi-frac wells every 640 acres in the mapped area.

⁵ Unbooked locations for Curamhuele Vaca Muerta are based on the Ryder Scott Resource Report effective September 30, 2015 and are based on an initial scoping study of 150 Hz multi-frac wells.

⁶ Unbooked locations for Curamhuele Lower Agrio are based on the GLJ Resource Report effective September 30, 2015 and represent eight Hz multi-frac wells every 640 acres in the mapped area.
VACA MUERTA SHALE: One of the Largest Shale Plays Outside of North America

- Thickness generally ranging from 100 metres to 500+ metres
- Progressively deeper & thicker from east to west in the basin
- The Vaca Muerta is oil prone at Coiron Amargo
- Madalena expects the Vaca Muerta is gas prone around the Cortadera block and gas, liquids & oil prone at Curamhuele

Sources: (Isopach Map) Madalena Energy Inc. mapping; (Thermal Maturity Map) Based on mapping by the Gobierno de la Provincia del Neuquén, modified by Madalena Energy Inc.

Note:  
2) Ryder Scott Company, Petroleum Consultants, Sept. 2015 and GLJ Petroleum Consultants Sept. 2015; Madalena owns a 35% working interest in the Vaca Muerta rights on the Coiron Amargo block, a 90% working interest in the Vaca Muerta rights on the Curamhuele block and a 38% working interest in the Vaca Muerta rights on the Cortadera block in the Neuquen basin of Argentina. Please see slides #18 and #26 for additional disclosure on the Vaca Muerta Contingent Resources at Coiron Amargo and the Vaca Muerta Prospective Resources at Curamhuele. Please also refer to Appendix #3 on slide 30 for additional details pertaining to Madalena’s resources.

*** See “Analogous Information” on slide 36 of this presentation.
VACA MUERTA SHALE: Recent Developments

- ExxonMobil - Parva Negra Este; Sept. 1, 2015 (kallanishenergy.com) - 42.5% WI in US$54MM JV - Initial program of 4 wells
- Chevron - Chihuido de la Sierra Negra; Sept. 2015 (Chevron website) - US$140MM JV with YPF - 9 wells in 2 phases (2 horizontals)
- AEP - Cerro Arena Sur; Jan. 14, 2016 (YPF SEC Form 6K) - US$60MM JV with YPF & Pluspetrol - Exploration phase commitments
- AEP - Bajada de Anelo; Jan. 14, 2016 (YPF SEC Form 6K) - US$447MM JV with YPF - Pilot program commitments
- ExxonMobil - Bajoel Choique & La Invernada; Dec. 14, 2015 (Platts) - 90% WI in US$229MM JV with GyP - Initial program of 5 horizontal wells - US$200MM already invested

*** See "Analogous Information" on slide 36 of this presentation.
COIRON AMARGO: “Sweet Spot” Acreage in the Vaca Muerta

Wintershall - Aguada Federal;
Dec. 23, 2015 (Wintershall website)
- Increases WI to 90% in JV with GyP
- 2 vertical VM wells drilled in 2015
- Contingency of 6 horizontal VM wells

Petronas - La Amarga Chica;
Q3-2015 (YPF Presentation)
- US$550MM Pilot Drilling JV
- ~35 Vertical & horizontal wells

Chevron - Loma Campana;
Jan. 9, 2015 (Petrolnews.net)
- 200 VM wells on production
- 2015 - 120 vertical VM wells
+ 40 horizontal VM wells
Q3-2015 (YPF Presentation)
- Focus shifting to more cost effective horizontal wells

Shell - Cruz de Lorena & Sierras Blancas;
Aug 26, 2015 (Buenos Aires Herald)
- 35 yr Exploitation Contract Awarded
- Plan to invest US$250MM on the 2 blocks

*** See “Analogous Information” on slide 36 of this presentation.
COIRON AMARGO: Offsetting Vaca Muerta Production Increases

Note: 1) Type curve is as per the GLJ Resource Report effective Sept. 30, 2015 and generated in accordance with NI 51-101 and the COGE Handbook. Wells shown are recently drilled offsets to Madalena's Coiron Amargo block and have horizontal trajectories of ~1500m or greater.

*** See “Analogous Information” on slide 36 of this presentation.
COIRON AMARGO: Vaca Muerta Shale Economics

Vaca Muerta per well Scoping Economics

100% Gross Interest

<table>
<thead>
<tr>
<th></th>
<th>Low Estimate</th>
<th>Best Estimate</th>
<th>High Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ultimate Recovery Oil MBbls</td>
<td>(P90) 518</td>
<td>(P50) 788</td>
<td>(P10) 1,254</td>
</tr>
<tr>
<td>Ultimate Recovery Gas MMcf</td>
<td>176</td>
<td>335</td>
<td>640</td>
</tr>
<tr>
<td>Ultimate Recovery MBoe</td>
<td>547</td>
<td>844</td>
<td>1,361</td>
</tr>
<tr>
<td>CAPEX US$MM/well</td>
<td>$12</td>
<td>$12</td>
<td>$12</td>
</tr>
</tbody>
</table>

Note: 1) Type curves are as per the GLJ Resource Report effective Sept. 30, 2015. Sensitivities and economic indicators generated by GLJ based on the GLJ type curve and multiple flat oil price scenarios. Actual or future well results may be materially different than anticipated.
COIRON AMARGO: Vaca Muerta Shale Resources

- **Best Estimate Contingent Resources** (Net to Madalena’s WI) as evaluated by GLJ effective Sept. 30, 2015
- 2P Reserves (Net to Madalena’s WI) as evaluated by GLJ effective Dec. 31, 2015

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.
2) As at December 31, 2015, the Proved plus Probable Reserves associated with the Company’s interest in the Vaca Muerta at Coiron Amargo were estimated at 875 MBOE. The cumulative production from the Coiron Amargo block up to September 30, 2015 was 4 MBOE. The portion of the estimate of DPIIP that is not represented by Contingent Resources, Reserves or cumulative production is currently classified as Discovered Unrecoverable Petroleum Initially In Place.
3) The Contingent Resources have been sub-classified as Development Unclarified.
4) Risks are based on a 60% Chance of Development.
5) Please refer to Appendix #3 on slide 30 for additional details pertaining to Madalena’s resources.
COIRON AMARGO NORTH: Sierras Blancas Light Oil

- Applying North American Horizontal Technology to Conventional Light Oil Development
  - Coiron Amargo Norte (108 km²) converted to 25-year exploitation license (MVN 35% W.I. -Non-Op)
  - Seven horizontal oil wells on production (current gross production ~1,600 Boe/d)
  - GLJ 2P = ~10.7% Recovery Factor¹ (Opportunity for growth)

Notes: 1) DPIIP vs cumulative production plus 2P reserves as per the Reserve Report effective Dec. 31, 2015, prepared by GLJ Petroleum Consultants in accordance with NI 51-101 and the COGE Handbook.

Source: Madalena Energy Inc. mapping

GLJ Dec. 31, 2015 -Volumes
D.P.I.I.P.¹ 36.7 MM Bbls
Cum. Prod. 1.2 MM Bbls (3.2%)
2P Remaining 2.7 MM Bbls (7.5%)
**PUESTO MORALES:** Loma Montosa Scalable Oil Resource Play

- **Applying North American Horizontal Multi Frac Technology in a Tight Oil Reservoir**
  - Light Oil Resource Play at Puesto Morales field
  - MVN is operator with **100% W.I.**
  - Tight Dolostones with good well control in Loma Montosa zone
  - Shallow drill depths with **TVD ~1350 m**
  - Initial Hz Multifrac “Proof of Concept” horizontal (PMN-1117(h)) drilled and placed on production in 2012
  - Q1-2015 – Madalena drilled, fraced and tested the PMS-1135(h) appraisal horizontal
  - Scalable development potential

**PMS-1135(h)**
- Total depth of **2,600m** with a horizontal length of approximately **1,095m**
- Argentina’s first 12-stage ball-drop frac
- Hybrid slickwater/gel frac with ~ **30 tonnes** of proppant per stage
- Placed on-stream April 9, 2015
- IP(30-Day): ~**571 Boe/d** flowing up 5.5” casing including 300 Bopd plus 1,626 Mcf/d of gas at a flowing pressure of 450 psi and a 40% water cut
- IP(90-Day): ~ **412 Boe/d** (200 Bopd plus 1,280 Mcf/d)
- Cum. Production to Jan. 31, 2016: **80,780 Boe** (34,370 Bbls Oil + 279 Mmcf Gas)
PUESTO MORALES: Loma Montosa Economics

**Boe/d**

**Loma Montosa Horizontal Production (Boe/d) by Month**

**Puesto Morales 2P Loma Montosa Horizontals NPV10% per Well vs Oil Price**

**Loma Montosa Economics**

(100% Gross Interest)

<table>
<thead>
<tr>
<th></th>
<th>GLJ 2P</th>
<th>Management Type Curve</th>
<th>20% Capital Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ultimate Recovery Oil &amp; NGL (MBbls)</td>
<td>207</td>
<td>253</td>
<td>253</td>
</tr>
<tr>
<td>Ultimate Recovery Gas (MMcf)</td>
<td>33</td>
<td>126</td>
<td>126</td>
</tr>
<tr>
<td>Ultimate Recovery (Mboe)</td>
<td>213</td>
<td>274</td>
<td>274</td>
</tr>
<tr>
<td>CAPEX (US$MM/well)</td>
<td>5.5</td>
<td>5.5</td>
<td>4.4</td>
</tr>
<tr>
<td>NPV@ 10% (US$MM/well)</td>
<td>1.9</td>
<td>3.7</td>
<td>4.9</td>
</tr>
<tr>
<td>IRR</td>
<td>24%</td>
<td>37%</td>
<td>55%</td>
</tr>
<tr>
<td>Payout (Years)</td>
<td>2.4</td>
<td>1.6</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Note: 1) The 2P type curve incorporated in the GLJ Reserve Report effective Dec. 31, 2015 was used as illustrated above. Sensitivities and economic indicators generated by Madalena management based on the GLJ 2P type curve.

2) Management type curve was prepared by a qualified reservoir engineer and is based upon drilling longer horizontals with more fracs as indicated above.

3) Economic sensitivities include a 20% capital reduction case where economies of scale, evolution of technology and cost efficiencies are incorporated.

4) Actual or future well results may be materially different than anticipated.
PUESTO MORALES: Facilities & Pipelines 100% Operated

- Supports additional horizontal development of Loma Montosa Oil Resource Play
- Quick cycle time to production for new horizontal developments

- **Q4 2015 Oil**
  - 832 Bbl/d
- **Capacity**
  - ~ 12,000 Bbl/d
- **Q4 2015 Gas**
  - 2.9 MMcf/d
- **Capacity**
  - ~ 7.8 MMcf/d
- **Expandable to**
  - ~ 15.5 MMcf/d
- **Oil Sales Line**
  - ~ 12,000 Bbl/d
- **Gas Sales Line**
  - ~ 30 MMcf/d
CURAMHUELE: Multiple Resource Plays

- Operated 90% W.I. in 56,216 gross (50,595 net) acres
- Exploration concession with no further work commitments until expiry in Sept. 2016
- Madalena is pursuing its option for a multi-year extension of the block through additional work commitments
- Opportunities:
  - Lower Agrio shale – Light oil
  - Mulichinco tight sand – Gas and NGLs
  - Vaca Muerta shale – Gas and NGLs
- Well logs and tests on two key wells
  - Ch.x-1 – Lower Agrio oil test @ 3,000 – 3,200m
  - Yp.x-1 – Mulichinco gas and NGLs test @ 3,700m
  - Yp.x-1001 – Commingled Lower Agrio & Mulichinco test @ 3,800m

Curamhuele is a high W.I. block where Madalena is currently seeking a JV partner

*** See “Analogous Information” on slide 36 of this presentation.
CURAMHUELE: Lower Agrio Shale Vertical Exploration Success

- Madalena’s recent drilling results at Yp.x-1001 supports the regional isopach mapping.
- The well encountered ~270 metres of continuous oil and gas shows in the over-pressured Lower Agrio shale target zone.

**Yp.x-1001**
- Successful vertical shale oil test
- Total depth of 3,802m with a completed interval of 425m
- Fraced 4 stages with aggregate 195 tons of sand and 13,700 barrels of water-based frac fluid
- Initially tested over an 8-day period where the well produced a cumulative 1,609 Bbls of oil and 5,444 Bbls of water
- Final 24 hours on a 9.5mm choke: 408 Boe/d; 350 Bopd, 350 mcf/d gas and 389 Bbls/d of water (53% water cut) at a flowing pressure of 1,050 psi (estimated 40°API oil gravity)
- Well has subsequently been flowed up 5” casing for 55 days on a long-term test recording volumes, pressures and PLTs
- Cumulative production over this period has been 5,338 Bbls oil (97 Bopd), 7,311 Bbls water (133 Bwpd) and 6,086 Mcf gas (110 mcf/d)
- Madalena is evaluating equipping the well with tubing and artificial lift to further test it’s potential
- Data gathered will be used to engineer the first horizontal multi-frac Lower Agrio test well
CURAMHUELE: Lower Agrio vs Vaca Muerta Shales

<table>
<thead>
<tr>
<th>CURAMHUELE</th>
<th>LOMA CAMPANA</th>
</tr>
</thead>
<tbody>
<tr>
<td>YPF.Nq.AnN.x-1</td>
<td>YPF/CHEVRON Development Area</td>
</tr>
</tbody>
</table>

- This well is representative of the YPF successes in the Vaca Muerta at Loma Campana.
- Log character of the L. Agrio at Curamhuele indicates it has potential similar to that of the Vaca Muerta at Loma Campana.

**Thickness (m)**
- Lower Agrio: 400 - 550
- Vaca Muerta: 150 - 300

**Depth (m)**
- Lower Agrio: 2800 - 3700
- Vaca Muerta: 2800 - 3100

**Total Porosity (%)**
- Lower Agrio: 6 - 10
- Vaca Muerta: 8 - 12

**Permeability (nD)**
- Lower Agrio: 80 - 175
- Vaca Muerta: 20 - 600

**TOC (weight %)**
- Lower Agrio: 2 - 6
- Vaca Muerta: 2 - 6

**Thermal Maturity (Ro%)**
- Lower Agrio: 0.7 – 1.0
- Vaca Muerta: 0.8 – 1.0

**Reservoir Pressure (psi)**
- Lower Agrio: 7,000 – 7,500
- Vaca Muerta: 8,500 - 9,100

**Pressure Gradient (psi/ft)**
- Lower Agrio: 0.60 – 0.80
- Vaca Muerta: 0.85 – 0.92

Note: 1) Ryder Scott Company, Petroleum Consultants, Sept. 2015 and GLJ Petroleum Consultants Sept. 2015 and Madalena Energy Inc. internal data prepared by a qualified reservoir engineer; Madalena owns a 90% working interest in the Lower Agrio shale rights on the Curamhuele block in the Neuquen basin of Argentina. Please see the disclosure at the beginning of this presentation and Madalena’s AIF dated April 21, 2016 for details with respect to the risks and uncertainty associated with Madalena and its business. Please see slide #26 for additional disclosure on the Lower Agrio shale Prospective Resources at Curamhuele. *** See “Analogous Information” on slide 36 of this presentation.
CURAMHUELE: Strategic Shale Resources

- **Best Estimate Prospective Resources** (Net to Madalena’s WI) as evaluated by GLJ and Ryder Scott effective Sept. 30, 2015

**LOWER AGRIO SHALE**

None Booked as of Dec. 31, 2015

- 2P Reserves
  - 99.4 MMBOE

- Risked Prospective Resources
  - 365.4 MMBOE

- Unrisked Prospective Resources
  - 4,606.3 MMBOE

- Total Undiscovered PIIP
  - 9,642.6 MMBOE

**VACA MUERTA SHALE**

None Booked as of Dec. 31, 2015

- 2P Reserves
  - 92.6 MMBOE

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

2) The portion of the estimate of UPIIP that is not classified as Prospective Resources is currently classified as Undiscovered Unrecoverable Petroleum Initially In Place.

3) The Lower Agrio shale Prospective Resources have been sub-classified as Prospect while the Vaca Muerta shale Prospective Resources have been sub-classified as Lead.

4) In the case of the Lower Agrio shale the risks are based on Chance of Discovery 68%, Chance of Development 40% for an aggregate risk of 27.2% while in the case of the Vaca Muerta shale the risks are based on Chance of Discovery 32%, Chance of Development 25% for an aggregate risk of 8%.

5) Please refer to Appendix #3 on slide 30 for additional details pertaining to Madalena’s resources.
NOROESTE BASIN: Conventional Light Oil Production with Exploration & Development Upside

- **Surubi** (85% Operated – Oil Producing): Proa-2 well has produced > 1.3 MM Bbls in 3 yrs
- **EL Chivil** (100% Operated – Oil Producing):
  Geological features similar to Surubi field
- **Palmar Largo** (14% Non-Op - Oil Producing):
  17 wells have cumulative production of > 40 MMBbls
- **El Vinalar** (100% Operated – Oil Producing)
- **Santa Victoria** (100% Operated)
- **Valle Morado** (96.6% Operated): Significant structure with booked gas resources

### Valle Morado Gas Project Best Estimate Contingent Resources
(Net to Madalena’s WI) as evaluated by GLJ effective Sept. 30, 2015

- **Risked Contingent Resources**
  - Total Discovered PIIP: 227.9 MMBOE
  - 2P Reserves: 13.2 MMBOE
  - Unrisked Contingent Resources: 19.7 MMBOE

1) There is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.
2) The portion of the estimate of DPIIP that is not classified as Contingent Resources is currently classified as Discovered Unrecoverable Petroleum Initially In Place. As of Sept. 30, 2015, cumulative production from Valle Morado was 4.8 Bcf and 40 Mbbls of condensate.
3) Tables may not add due to rounding.
4) The Contingent Resources have been sub-classified as Development Unclarified.
5) Risks are based on a 67% Chance of Development.

*** See “Analogous Information” on slide 36 of this presentation.

Please refer to Appendix #3 on slide 30 for additional details pertaining to Madalena’s resources.
APPENDIX #1: Argentina’s Shale Potential

June 2013 – EIA Released Updated World Shale Oil & Gas Assessment

- **Argentina has 4th largest technically recoverable shale oil resource in the world**
  - Behind only Russia, USA & China
  - 3X greater than Canada

- **Argentina has 2nd largest technically recoverable shale gas resource in the world**
  - Behind only China
  - 1.2X greater than USA
  - 1.4X greater than Canada

- Three Shale Plays in Argentina: **Vaca Muerta, Agrio, Los Molles**

- Neuquén Basin is a the focus of Shale Resource development by Major E&Ps and NOCs

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*** See “Analogous Information” on slide 36 of this presentation.
APPENDIX #2: Vaca Muerta vs US Shales

The Vaca Muerta shale compares favourably to leading US shale resource plays

Notes: 1) GLJ Petroleum Consultants, Sept. 2015 and Madalena Energy Inc. internal data prepared by a qualified reservoir engineer; Madalena owns a 35% working interest in the Vaca Muerta rights on the Coiron Amargo block, a 90% working interest in the Vaca Muerta rights on the Curahuelue block and a 38% working interest in the Vaca Muerta rights on the Cortadera block in the Neuquen basin of Argentina. Madalena expects the Vaca Muerta to be oil prone at Coiron Amargo, gas prone at Cortadera and gas & liquids prone at Curahuelue. Please see the disclosure at the beginning of this presentation and Madalena’s AIF dated April 21, 2016 for details with respect to the risks and uncertainty associated with Madalena and its business.

2) EOG Analyst Conference, April 2010


4) Schlumberger, World Shale Summit September 2013 -Gas y Petroleo del Neuquén and YPF

*** See “Analogous Information“ on slide 36 of this presentation.
The resource reports were prepared by independent qualified reserves evaluators with an effective date of September 30, 2015 and have been prepared in accordance with the National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities (the “NI 51-101”) and the Canadian Oil and Gas Evaluation Handbook (the “COGE Handbook”). Ryder Scott Company L.P. updated their December 2012 resource report for Curamhuele Vaca Muerta resources (“Ryder Scott Report”) while GLJ Petroleum Consultants (“GLJ”) prepared new resource reports for Coiron Amargo, Valle Morado and Curamhuele Lower Agrio and Mulichinco (“GLJ Reports”). For the definitions of the various resource categories used herein see the “Reader Advisories” contained at the end of this document.

Coiron Amargo Block (Neuquén Basin, Argentina)

Madalena has a 35% working interest (“WI”) in the 99,860 (34,951 net) acre block directly offsetting the YPF/Chevron Loma Campana block which is currently producing approximately 40,000 BOE/d from the Vaca Muerta. The Coiron Amargo block is divided into two regions called Coiron Amargo Norte (northern portion of the block) and Coiron Amargo Sur (southern portion of the block). Coiron Amargo Norte is currently held by Madalena under a 25 year exploitation (development) concession until 2038 with no further firm commitments required to be undertaken by Madalena on this portion of the block.

On April 16, 2015, the Company received a three year evaluation phase contract from the Province of Neuquén for Coiron Amargo Sur. The Company’s share of the work commitment is US$17.5 million and must be incurred by November 8, 2017. Following this three year evaluation phase contract, Madalena is eligible to enter into an exploitation (development) concession and/or enter into additional evaluation phase periods to further explore and appraise the Coiron Amargo Sur block.

Since December 31, 2012 (the date of the earlier resource report), the Company and its partners have drilled eight wells through the Vaca Muerta formation. Three vertical wells were specifically targeting the Vaca Muerta on which the Company gathered key geological and engineering data necessary to further evaluate the block. There are now a total of 24 well penetrations. Based on these results and significant offsetting activity, additional acreage covering most of the block has been promoted from Undiscovered Petroleum Initially In Place (“UPIIP”) to Discovered Petroleum Initially In Place (“DPIIP”) with the corresponding reclassification of the estimates of Prospective Resources to Contingent Resources.

The Contingent Resources on the Coiron Amargo block relate to the Vaca Muerta and have been sub-classified as Development Unclarified. The Company and its partners are planning to drill 2-3 Vaca Muerta Horizontal Multi-Frac (“Hz MF”) wells over the next two years.

The results of the GLJ Report at Coiron Amargo are summarized in the following table.

## Madalena Company Interest

<table>
<thead>
<tr>
<th>Low Est</th>
<th>Best Est</th>
<th>High Est</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discovered Petroleum Initially In Place (DPIIP) (MMBbls)</td>
<td>1,815.5</td>
<td>2,453.2</td>
</tr>
<tr>
<td>Unrisked Contingent Oil (MMBbls)</td>
<td>91.3</td>
<td>142.3</td>
</tr>
<tr>
<td>Unrisked Contingent Gas (Bcf)</td>
<td>31.1</td>
<td>60.5</td>
</tr>
<tr>
<td>Unrisked Contingent BOE 6:1 (MMBOE)</td>
<td>96.5</td>
<td>152.4</td>
</tr>
<tr>
<td>Risked Contingent Oil (MMBbls)</td>
<td>54.8</td>
<td>85.4</td>
</tr>
<tr>
<td>Risked Contingent Gas (Bcf)</td>
<td>16.6</td>
<td>36.3</td>
</tr>
<tr>
<td>Risked Contingent BOE 6:1 (MMBOE)</td>
<td>57.9</td>
<td>91.5</td>
</tr>
</tbody>
</table>

1) There is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.
2) As at December 31, 2015, the Proved plus Probable Reserves associated with the Company’s interest in the Vaca Muerta at Coiron Amargo were estimated at 875 MBOE. The cumulative production from the Coiron Amargo block up to September 30, 2015 was 4 MBOE. The portion of the estimate of DPIIP that is not represented by Contingent Resources, Reserves or cumulative production is currently classified as Discovered Unrecoverable Petroleum Initially In Place.
3) Tables may not add due to rounding.
4) The Contingent Resources have been sub-classified as Development Unclassified.
5) Risks are based on a 60% Chance of Development.

**Contingencies**

Contingencies associated with the Contingent Resource volumes associated specifically to this block include only commercial factors such as:

1) Detailed development plan including infrastructure improvements or expansions;
2) Access to sufficient services including drilling, frac equipment and supplies;
3) Granting of Exploitation Concession for Coiron Amargo Sur;
4) Economic conditions, including commodity price, capital and operating costs; and
5) Corporate commitment and sanctioning by Madalena and its partners.

The project is not contingent on discovery or technical factors.

**Risks and Significant Positive and Negative Factors**

Based on the recent drilling (including offset lease line wells), and 3D seismic, the Chance of Discovery has been set at 100%. Due to the complexity, size and scope of economical resource development, the Chance of Development has been set at 60%. For Contingent Resources, the Chance of Commerciality is based solely on the Chance of Development and therefore, the Contingent Resources have been multiplied by 60% to arrive at a Risked Contingent Resource estimate.
Significant positive factors for these Contingent Resources include:

1) Good well control along with 3D seismic;
2) Significant offsetting economic well production and continuing development;
3) Proximity to infrastructure with current capacity to handle production growth;
4) Longer Hz MF wells are showing significant increases in productivity;
5) Corporate commitment to continue to drill and apply North American technology with Hz MF wells;
6) Long term block contract for Coiron Amargo Norte and potential to extend to a 35 year unconventional license for Coiron Amargo Sur;
7) Current premium pricing for oil and gas in Argentina as the country deals with a sizable energy imbalance; and
8) Flat topography and close proximity to the oil service industry hub for Argentina.

Significant negative factors for these Contingent Resources include:

1) Impact of significant growth in offsetting production which may fill existing infrastructure;
2) Necessity for significant amount of capital required to develop the resource at an acceptable cost;
3) Potential for lower commodity prices; and
4) Political or country risk associated with a growing industry in Argentina.

Although a detailed development plan has not been prepared, the GLJ Report has identified 517 (181 net) Hz MF locations assuming 160 acre spacing at 85% efficiency. To confirm the economics of the Contingent Resources, type well economics were run based on drilling Hz MF wells every 160 acres. The type well curves were based on Hz MF wells directly offsetting Coiron Amargo wells drilled by YPF at Loma Campana and Shell at Cruz de Lorena and Sierras Blancas. Individual well cost was estimated at US$12 MM per well. The scoping study assumed capital spending commencing and first commercial production in 2016. The recovery method is based on established technology utilizing Hz MF wells.

Valle Morado Block (Noreste Basin, Argentina)

The Company acquired its interest (96.6% WI) in the Valle Morado Block through the acquisition of certain properties in Argentina in June 2014. This block covers 49,099 (47,423 net) acres and Madalena is the operator. The contract for this Exploitation Concession expires in October 2034 with an option to continue for subsequent ten year periods. The Valle Morado GTE.St.VMor-2001 well was first drilled in 1989. A previous operator completed a 3-D seismic program over the field and constructed a gas plant and pipeline infrastructure. Production began in 1999 from the GTE.St.VMor-2001 well, but was shut-in in 2001 due to downhole mechanical issues which were suspected to be caused by an earthquake. Despite several attempts, the previous operator was unable to address the mechanical issues in the initial discovery wellbore. Prior to the mechanical issues the well had been producing at 20-25 MMcf/d and had recovered a cumulative 4.8 Bcf plus 40 MMBbls of condensate. The Company has no work obligations on this block.

Based on the previous production test, 3D seismic and the existing infrastructure, the GLJ Report has assigned certain DPIIP and Contingent Resources to the Valle Morado Block. The Contingent Resources have been sub-classified as Development Unclarified. The results of the GLJ Report at the Valle Morado Block are summarized in the following table:

<table>
<thead>
<tr>
<th>Low Est</th>
<th>Best Est</th>
<th>High Est</th>
</tr>
</thead>
<tbody>
<tr>
<td>78.2</td>
<td>227.9</td>
<td>493.6</td>
</tr>
</tbody>
</table>

| Unrisked Contingent Gas (Bcf) | 31.8 | 117.1 | 305.8 |
| Unrisked Contingent NGL (MMBbls) | 0.2 | 1.0 | 2.8 |
| Unrisked Contingent BOE (MMBOE) | 4.7 | 19.7 | 53.0 |
| Risked Contingent Gas (Bcf) | 18.2 | 75.3 | 201.8 |
| Risked Contingent NGL (MMBbls) | 0.2 | 0.7 | 1.9 |
| Risked Contingent BOE (MMBOE) | 3.2 | 13.2 | 35.5 |

1) There is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.
2) The portion of the estimate of DPIIP that is not classified as Contingent Resources is currently classified as Discovered Unrecoverable Petroleum Initially In Place. As of September 30, 2015, cumulative production from Valle Morado was 4.8 Bcf and 40 MMBbls of condensate.
3) Tables may not add due to rounding.
4) The Contingent Resources have been sub-classified as Development Unclarified.
5) Risks are based on a 67% Chance of Development.

Contingencies

Contingencies associated with the Contingent Resource volumes associated specifically to this block include only commercial factors such as:

1) Detailed development plan including more detailed cost estimates and infrastructure repairs;
2) Economic conditions, including commodity price, capital and operating costs; and,
3) Corporate commitment and sanctioning by Madalena.
APPENDIX #3: Independent Resource Reports (Detail)

The project is not contingent on discovery or technical factors. The economics were based on a conceptual development study which involved drilling three wells and upgrading the existing gas plant. Individual well cost was estimated at 50 MM US$ per well and 130 MM US$ facility upgrades for the full development scenario. The scoping study assumed capital spending in 2017 and first commercial production in 2019. The recovery method is based on established technology utilizing conventional vertical wells.

Risks and Significant Positive and Negative Factors

Based on the initial well and production test, the Chance of Discovery has been set at 100%. Due to the depth (6,000 m) and complexity of the reservoir units, the Chance of Development has been set at 67%. The Chance of Commerciality is based solely on Chance of Development and therefore, the Contingent Resources have been multiplied by 67% to arrive at a Risked Contingent Resource estimate.

Significant positive factors for this Contingent Resource estimate include:

1) Original well with production history;
2) Existing infrastructure and close proximity to main gas trunk line;
3) Long term block contract and opportunity to extend for subsequent ten year periods;
4) Incentive fixed price gas contracts at US $7.50/mmbtu for incremental supply; and
5) Multiple horizons/reservoirs with gas tests in three different zones.

Significant negative factors for this resource include:

1) Depth and complexity of drilling operations;
2) Capital investment per well is approximately US$50.0MM;
3) Reservoir quality and continuity could be more variable; and
4) Surface topography is challenging.

Curamhuele Block – Lower Agrio Shale Formation (Neuquén Basin, Argentina)

The Company has a 90% WI and is the operator in the 56,216 (50,595 net) acre exploration concession. Madalena currently has a first exploration period extension to Sept 8, 2016. The commitment was to invest US$ 13,000,000 to evaluate the Mulichinco and Lower Agrio formations at Curamhuele. Currently the Company is evaluating the Yapai-X.1001 well and expects to fulfill the commitment with this operation. After fulfilling the commitment the Company can enter into a Second Exploration Period (four years) or, apply for an Evaluation Period for 5 years. Additional investment commitments would be required for both scenarios. In the case of the Second Exploration Period, there would be a relinquishment of up to 50% of the acreage. In the case of an Evaluation Period no acreage needs to be relinquished but the commitment would likely be higher.

The Lower Agrio has been tested on the block with a conventional well completion and directly offsetting with a multi frac vertical well completion. Based on the limited information and results to date, the Lower Agrio has been classified as Undiscovered with the estimated recoverable portion classified as Prospective Resources. Given the Company is actively testing the prospect through a planned unconventional completion, the Prospective Resources have been sub-classified as a Prospect which has a higher degree of certainty than a Lead or a Play. The GLJ Report is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Low Est</th>
<th>Best Est</th>
<th>High Est</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrisked Prospective Oil (MMBbls)</td>
<td>2,376.6</td>
<td>4,606.3</td>
<td>6,796.4</td>
</tr>
<tr>
<td>Unrisked Prospective Gas (Bcf)</td>
<td>144.9</td>
<td>328.2</td>
<td>568.5</td>
</tr>
<tr>
<td>Risked Prospective BOE 6:1 (MMBOE)</td>
<td>157.2</td>
<td>365.4</td>
<td>649.1</td>
</tr>
<tr>
<td>Risked Prospective Oil (MMBbls)</td>
<td>39.4</td>
<td>89.3</td>
<td>154.6</td>
</tr>
<tr>
<td>Risked Prospective Gas (Bcf)</td>
<td>20.3</td>
<td>60.7</td>
<td>131.4</td>
</tr>
</tbody>
</table>
APPENDIX #3: Independent Resource Reports (Detail)

Risks and Significant Positive and Negative Factors
As discussed, the Lower Agrio has been identified as Prospective Resources. The Chance of Discovery for this unconventional shale play has been defined as the product of the probability of source, maturity, trap or seal, and reservoir properties. The estimated numerical value for the Chance of Discovery is 68%. Based on the interpreted superior reservoir characteristics for the bottom section of the Lower Agrio, the Chance of Development is estimated at 40%. The Chance of Commerciality is the product of the Chance of Discovery and Chance of Development and therefore, the Prospective Resources have been multiplied by 27.2% to arrive at a Risked Prospective Resources estimate. Madalena anticipates first commercial production to occur mid-year 2016 following the successful completion of the Yapal x-1001 well. The recovery method is based on Hz MF wells. Scoping economics were based Vaca Muerta type curves (assumed to be similar to Lower Agrio) with an estimated cost of US$12MM per well. A scenario of 570 Hz MF wells was run.

Significant positive factors for these Prospective Resources estimate include:
1) Existing wellbore penetrations with oil shows and tests indicating a relatively thick shale with total organic carbon > 3% and porosity of 4-10%;
2) 3D seismic coverage across half of the block;
3) Significantly over pressured reservoir based on mud weights and bottom hole pressure tests; and,
4) Stacked development scenarios with two Hz MF wells per spacing unit improve capital efficiencies.

Significant negative factors for these Prospective Resources estimate include:
1) Depth (3,600-3,800 m) and complexity of drilling operations;
2) Surface topography being in the foothills of the Andes and more remote to the oil and gas service industry; and
3) No immediately proximate analogs.

Curamhuele Block – Vaca Muerta Shale Formation (Neuquén Basin, Argentina)
In addition to the Lower Agrio as discussed above, Curamhuele is prospective for the Vaca Muerta. Although there are no Vaca Muerta penetrations on the block there are offsetting wells with indicated hydrocarbons. Based on these logs and geological mapping using 3D seismic along with the basin wide knowledge on the Vaca Muerta reservoir, Ryder Scott Report estimated UPIIP and correspondingly estimated Prospective Resources being the recoverable portion of the UPIIP. Due to the limited information and the early stage exploration efforts the Prospective Resources have been further sub-classified as a Lead.

A summary of the Prospective Resources from the Ryder Scott Report is presented in the following table:

<table>
<thead>
<tr>
<th>Madalena Company Interest</th>
<th>Low Est</th>
<th>Best Est</th>
<th>High Est</th>
</tr>
</thead>
<tbody>
<tr>
<td>(MMBbls)</td>
<td>7,884.0</td>
<td>9,642.6</td>
<td>11,762.1</td>
</tr>
<tr>
<td>Unrisked Prospective Oil (MMBbls)</td>
<td>174.6</td>
<td>666.9</td>
<td>1,207.8</td>
</tr>
<tr>
<td>Unrisked Prospective Gas (MMcf)</td>
<td>662.4</td>
<td>2,941.2</td>
<td>8,095.5</td>
</tr>
<tr>
<td>Unrisked Prospective BOE 6:1 (MMBOE)</td>
<td>285.0</td>
<td>1,157.1</td>
<td>2,557.1</td>
</tr>
<tr>
<td>Risked Prospective Oil (MMBbls)</td>
<td>14.0</td>
<td>53.4</td>
<td>96.6</td>
</tr>
<tr>
<td>Risked Prospective Gas (MMcf)</td>
<td>53.0</td>
<td>235.3</td>
<td>647.6</td>
</tr>
<tr>
<td>Risked Prospective BOE 6:1 (MMBOE)</td>
<td>22.8</td>
<td>92.6</td>
<td>204.6</td>
</tr>
</tbody>
</table>

1) There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.
2) The portion of the estimate of UP1IP that is not classified as Prospective Resources is currently classified as Undiscovered Unrecoverable Petroleum Initially In Place.
3) Tables may not add due to rounding.
4) The Prospective Resources have been sub-classified as a Lead.
5) Risks are based on Chance of Discovery 32%, Chance of Development 25% for an aggregate risk of 8%

Risks and Significant Positive and Negative Factors
As discussed, the Vaca Muerta has been identified as Undiscovered Resources at Curamhuele. The geological chance of success in a shale play is based on risk factors that are different than the four risk factors used in conventional reserve (timing and migration, source rock, reservoir and trap or seal). In the shale play the shale is the source, reservoir and trap. The risk in a shale play is generally defined as presence of shale, significant organic content, thermal maturity, producibility and continuity. Therefore, the Chance of Discovery is the product of these five independent risks. For the Vaca Muerta at Curamhuele, the estimated numerical value for the Chance of Discovery is 32%. The Ryder Scott Report currently estimates the Chance of Development at 25%. Additional well information and test data along with a better understanding of infrastructure issues will be required to improve the Chance of Development. The Chance of Commerciality is the product of the Chance of Discovery and Chance of Development and therefore, the Prospective Resources have been multiplied by 8% to arrive at a Risked Prospective Resource estimate. The recovery method is based on established technology of Hz MF wells. Scoping economics were based Vaca Muerta type curves with an estimated cost of US$13.5MM per well. A scenario of 150 Hz MF wells was run. Commercial production could be achieved with one well however, the Company has not yet scheduled a well for the Vaca Muerta as it is focusing on the Lower Agrio at this time.
Significant positive factors for these Prospective Resources estimate include:

1) 3D seismic coverage across half of the block;
2) Significant gross thickness at 700 – 800 m;
3) Stacked development scenarios with two to four Hz MF wells per spacing unit improve capital efficiencies; and,
4) Basin wide development of the Vaca Muerta.

Significant negative factors for these Prospective Resources estimate include:

1) Depth (4,000+ m) and complexity of drilling operations;
2) Surface topography being in the foothills of the Andes and more remote to the oil and gas service industry; and,
3) No offsetting commercial analogs.

Total Contingent Resources and Reconciliation to Previous Reports

Aggregation of resource estimates for high cases or low cases would potentially be misleading. For example, if we added the high case (P10) for two or more properties, the probability of achieving the high case (P10) for both properties would be less than 10%. Therefore, when presenting Total Contingent Resources, Madalena presents only the best estimate (P50) on an unrisked and risked basis. See table below:

<table>
<thead>
<tr>
<th>Best Estimate</th>
<th>Oil</th>
<th>NGL</th>
<th>Gas</th>
<th>BOE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MMBbls</td>
<td>MBbls</td>
<td>Bcf</td>
<td>MBOE</td>
</tr>
<tr>
<td>Coiron Amargo Vaca Muerta</td>
<td>142.0</td>
<td>0.0</td>
<td>60.5</td>
<td>152.4</td>
</tr>
<tr>
<td>Valle Morado</td>
<td></td>
<td>1.0</td>
<td>112.4</td>
<td>19.7</td>
</tr>
<tr>
<td>Other Minor</td>
<td>-</td>
<td>0.2</td>
<td>2.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Total Contingent Unrisked</td>
<td>142.0</td>
<td>1.1</td>
<td>175.8</td>
<td>172.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contingent Resources Risked</th>
<th>Oil</th>
<th>NGL</th>
<th>Gas</th>
<th>BOE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MMBbls</td>
<td>MBbls</td>
<td>Bcf</td>
<td>MBOE</td>
</tr>
<tr>
<td>Coiron Amargo Vaca Muerta</td>
<td>85.4</td>
<td>0.0</td>
<td>36.3</td>
<td>91.4</td>
</tr>
<tr>
<td>Valle Morado</td>
<td></td>
<td>0.7</td>
<td>75.3</td>
<td>13.2</td>
</tr>
<tr>
<td>Other Minor</td>
<td>0.1</td>
<td>2.7</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Total Contingent Risked</td>
<td>85.4</td>
<td>0.8</td>
<td>114.3</td>
<td>105.2</td>
</tr>
</tbody>
</table>

1) There is no certainty that it will be commercially viable to produce any portion of the resources referred to in the table above.
2) Tables may not add due to rounding.

Reconciliation of the Risked Contingent Resources Best Estimate is summarized in the following table:

<table>
<thead>
<tr>
<th>Best Estimate</th>
<th>Oil</th>
<th>NGL</th>
<th>Gas</th>
<th>Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MMBbls</td>
<td>MBbls</td>
<td>Bcf</td>
<td>MBOE</td>
</tr>
<tr>
<td>Opening Balance Dec 31, 2012</td>
<td>18.4</td>
<td>0.07</td>
<td>8.1</td>
<td>19.8</td>
</tr>
<tr>
<td>Exploration Discoveries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Drilling Extensions</td>
<td>67.1</td>
<td>-</td>
<td>28.1</td>
<td>71.8</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>0.7</td>
<td>75.3</td>
<td>13.2</td>
</tr>
<tr>
<td>Dispositions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Economic Factors</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Technical Revisions</td>
<td>(0.1)</td>
<td>0.07</td>
<td>2.7</td>
<td>0.4</td>
</tr>
<tr>
<td>Production</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing Balance Sept 30, 2015</td>
<td>85.4</td>
<td>0.8</td>
<td>114.3</td>
<td>105.2</td>
</tr>
</tbody>
</table>

The opening balance as of December 31, 2012 was presented on an unrisked basis. New regulations governing the disclosure of resources other than reserves ("ROTR") indicate the reconciliation and reporting of Contingent or Prospective Resources must be done on a risked basis. Had Madalena started with Risked Contingent Resources in its opening balance the technical revisions and additions would have been larger.

The drilling extensions relate entirely to successful drilling and additional information on the Vaca Muerta at Coiron Amargo. The entire block has now been evaluated and classified as discovered; hence, the Prospective Resource at Coiron Amargo has decreased while the Contingent Resource has increased. The acquisition relates to the purchase of the Valle Morado property in June 2014.
APPENDIX #3: Independent Resource Reports (Detail)

Total Prospective Resources

Total Prospective Resources using only the Best Estimate (P50) are summarized in the following table:

<table>
<thead>
<tr>
<th></th>
<th>Oil</th>
<th>NGL</th>
<th>Gas</th>
<th>BOE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MMbbls</td>
<td>Mbbls</td>
<td>Bcf</td>
<td>MBOE</td>
</tr>
<tr>
<td><strong>Prospective Resources Unrisked</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Curamhuele Lower Agrio</td>
<td>328.2</td>
<td>-</td>
<td>223.2</td>
<td>365.4</td>
</tr>
<tr>
<td>Curamhuele Vaca Muerta</td>
<td>665.9</td>
<td>-</td>
<td>2,841.2</td>
<td>1,157.1</td>
</tr>
<tr>
<td><strong>Total Prospective Resources Unrisked</strong></td>
<td>995.1</td>
<td>-</td>
<td>3,184.4</td>
<td>1,522.5</td>
</tr>
<tr>
<td><strong>Prospective Resources Risked</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Curamhuele Lower Agrio</td>
<td>89.3</td>
<td>-</td>
<td>60.7</td>
<td>99.4</td>
</tr>
<tr>
<td>Curamhuele Vaca Muerta</td>
<td>53.4</td>
<td>-</td>
<td>235.3</td>
<td>92.6</td>
</tr>
<tr>
<td><strong>Total Prospective Resources Risked</strong></td>
<td>142.7</td>
<td>-</td>
<td>296.0</td>
<td>192.0</td>
</tr>
</tbody>
</table>

The significant difference between the Unrisked and Risked Prospective Resources reflects a great uncertainty for these projects in their early life. Additional drilling and testing is usually required to promote these resources to Contingent Resources and ultimately Reserves. Assuming a successful production test at Curamhuele at the Yapai-X-1001 well, the Company would expect a reduction in the risk and the promotion of at least a portion of the Prospective Resources for Lower Agrio.

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 Unrecoverable Petroleum Initially In Place" Definition: That portion of discovered petroleum initially in place which is estimated, as of a given date, not to be recoverable by future development projects.

"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 Unrecoverable Petroleum Initially In Place" Definition: That portion of undiscovered petroleum initially in place which is estimated, as of a given date, not to be recoverable by future development projects.

"Development Pending" A sub-classification for Contingent Resources where resolution of the final conditions for development is being actively pursued with a high chance of development. It has the highest Chance of Commerciality for Contingent Resources.

"Development on Hold" A sub-classification for Contingent Resources where there is a reasonable chance of development but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. Development on Hold ranks behind Development Pending for Chance of Commerciality.

"Development Unclarified" A sub-classification for Contingent Resources if they are still under evaluation or require significant further appraisal to clarify the potential for development.

"Development Not Viable" A sub-classification for Contingent Resources where no further data acquisition or evaluation is currently planned and hence there is a low chance of development. This is lowest sub class for Contingent Resources.

"Prospect" A sub-classification for Prospective Resources which is a potential accumulation in a play that is sufficiently well defined to represent viable drilling target. It is the highest level or most advanced level of Prospective Resources ranking ahead of "Lead" or "Play" for the Chance of Commerciality.

"Lead" A sub-classification for Prospective Resources which is a potential accumulation in a play that requires more data acquisition and/or evaluation in order to be classified as a prospect. A "Lead" ranks ahead of "Play" for the Chance of Commerciality.

"Play" A sub-classification for Prospective Resources which is a family of geologically similar fields, discoveries, prospects and leads. A "Play" ranks behind "Lead" or "Prospect" for the Chance of Commerciality.
Barrels of Oil Equivalent
All calculations converting natural gas to barrels of oil equivalent ("boe") have been made using a conversion ratio of six thousand cubic feet (six "Mcf") of natural gas to one barrel of oil, unless otherwise stated. The use of boe may be misleading, particularly if used in isolation, as the conversion ratio of six Mcf of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burnup tier and does not represent a value equivalency at the wellhead. 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 on a 6:1 basis may be misleading as an indication of value.

Analogous Information
Certain information in this document 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, wells and/or operations that are in geographical proximity to or on-trend with prospective lands held by Madalena and production information related to wells that are believed to be on trend with Madalena's properties. Such information has been obtained from government sources, regulatory agencies or other industry participants. Management of Madalena believes the information may be relevant to help define the reservoir characteristics in which Madalena may hold an interest and such information has been presented to help demonstrate the basis for Madalena’s business plans and strategies.

However, to Madalena's knowledge, such analogous information has not 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. 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 the reservoir data and economics information for the lands held or to be held by Madalena will be similar to the information presented herein. 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.

Initial Production Rates
Any references in this document to test rates, flow rates, initial and/or final raw test or production rates, early production, test volumes and/or "flush" production rates are useful in confirming the presence of hydrocarbons, however, such rates are not necessarily indicative of long-term performance or of ultimate recovery. Such rates may also include recovered "load" fluids used in well completion stimulation. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for Madalena. In addition, the Vaca Muerta shale is an unconventional resource play which may be subject to high initial decline rates. Such rates may be estimated based on other third party estimates or limited data available at this time and are not determinative of the rates at which such wells will continue production and decline thereafter.

Financial Outlook
Any financial outlook or future oriented financial information in this presentation, as defined by applicable securities legislation, was approved by management of Madalena on January 7, 2015. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management’s current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

Non-GAAP Measures
In this presentation, management uses certain key performance indicators and industry benchmarks such as cash flow and operating netbacks to analyze financial and operating performance. Management feels that these key performance indicators and benchmarks are key measures of profitability for Madalena and provide investors with information that is commonly used by other oil and gas companies. These key performance indicators and benchmarks as presented do not have any standardized meaning prescribed by Canadian generally accepted accounting principles and therefore may not be comparable with the calculation of similar measures for other entities. For additional information on the use of these measures please see Madalena’s Management’s Discussion and Analysis at www.sedar.com.

Unbooked Drilling Locations
This document refers to unbooked drilling locations. Unbooked locations are estimates based on Madalena’s prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice. Unbooked locations as disclosed herein do not have attributed reserves. Unbooked locations as disclosed herein have been identified by for the purposes of estimating Contingent Resources and have been identified based on evaluation of applicable geologic, seismic and engineering information. There is no certainty that Madalena will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves or production. The drilling locations on which the Company actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves or production.

Information Regarding Disclosure on Reserves and Resources
The reserve and resource estimates contained herein are estimates only and there is no guarantee that the estimated reserves or resources will be recovered. Volumes of reserves and resources have been presented based on a company interest basis which includes Madalena’s royalty interests without deducting royalties payable by the Company. Certain volumes are arithmetic sums of multiple estimates of Contingent and 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. The estimates of reserves and resources for individual properties may not reflect the same confidence level as estimates of reserves and resources for all properties, due to the effects of aggregation.

Where discussed herein “NPV 10%” represents the net present value (net of capex) of net income discounted at 10%, with net income reflecting the indicated oil, liquids and natural gas prices and IP rate, less internal estimates of operating costs and royalties. It should not be assumed that the future net revenues estimated by Madalena’s independent resource evaluators represent the fair market value of the reserves, nor should it be assumed that Madalena’s internally estimated value of its undeveloped land holdings or any estimates referred to herein from third parties represents the fair market value of the lands.

There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources referred to in this presentation. In the case of undiscovered resource, “Prospective Resources” there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources referred to in this presentation.