

Zodiac Exploration Inc. Provides Corporate Update

04.04.2014 | [FSCwire](#)

Calgary, Alberta CANADA, April 03, 2014 /FSC/ - [Zodiac Exploration Inc.](#) ("Zodiac" or the "Company") (TSX VENTURE: ZEX) is pleased to provide a corporate update of its activities.

Operational Update - California

Zodiac has entered into advanced negotiations with several parties relating to the potential monetization of several properties in California in which it has interests. The Company expects that these negotiations will be complete before the end of July 2014. The Company has historically invested approximately US\$2.5 million to US\$3.5 million annually on lease rentals to maintain its interests in these lands and redirecting these investments has been identified as a top priority by management. No assurance can be given that any such monetization will be completed by the Company.

Operational Update - Montana

Zodiac is pleased to announce that its 3D seismic program in Montana was shot on time and on budget. The processing of the seismic is complete and the interpretation of the seismic is underway. The Company has identified several channels within the Grey Bull Formation and is completing the selection of two initial exploration drilling locations. The Company expects to begin drilling before the end of June 2014. These exploration wells are expected to cost US\$600,000 each to drill, complete and equip should test results prove successful. In the event that the wells are drilled and abandoned, it is expected that they will cost US\$200,000 each. The Company is in discussions and expects to receive an extension to the farm in agreement with DeCa Resources Inc. Upon the drilling and testing of two vertical wells, Zodiac will earn a 75% interest in approximately 12,000 acres.

Operational Update - Alberta

Zodiac's team continues its technical work on the Duvernay Formation in the Snipe Lake area of Alberta. To date, the team has reviewed over 960 well logs, examined over 20 Duvernay cores and sampled and performed analysis on nine Duvernay cores in the Kaybob and Snipe Lake areas. Third party consultants have performed reservoir simulation studies based on the Company's current technical understanding of the formation. Based on its findings, the team is very encouraged and believes that the Company's lands in the Snipe Lake area are in the Duvernay light oil window and have the key technical parameters of a successful shale play - significant hydrocarbon presence and potential, rock fracability and deliverability potential. These technical parameters are similar to the parameters tested in the light oil window in the North Kaybob area. The team is continuing its technical program to de-risk the play and has picked several potential drilling locations. The Company expects to commence a two to four vertical well program over the next six to nine months to further evaluate the play. The Company believes that the vertical wells and contemplated completion studies and other technical work will cost approximately \$1.5 million to \$2.0 million per well and will provide valuable technical data and may be kicked off horizontally at a later date. The Kaybob region to the south of Snipe Lake has been the most active area of Duvernay exploitation with over 94 wells drilled in 2013 and 175 to 200 wells expected to be drilled in 2014. There have been numerous recent wells with an IP 30 (initial 30 day production rate) exceeding 2,000 boe/d. Zodiac has one of the largest land positions that is prospective for the Duvernay with over 55,000 semi-contiguous acres with a 100 percent working interest.

New Director Nominees

As previously announced, the Company has nominated new directors for election at the annual and special meeting of shareholders of the Company on April 23, 2014 (the "Meeting"). The Company believes that the new nominees will bring excellent experience and insight to the Company's board of directors (the "Board"), should they be elected. Additional details regarding the Meeting, including the Company's management information circular and form of proxy, are available on the Company's SEDAR profile at www.sedar.com. Election of the nominees listed below is also subject to approval by the TSX Venture Exchange (the "TSXV").

Doug Manner, P.Eng. - nominated as Chairman

Mr. Manner is the former Chief Operating Officer of Gulf Canada Resources, managing operations in 20 countries with 150,000 boe/d of production. Mr. Manner previously held senior executive positions with Ryder Scott Petroleum Engineers and Amoco Production Company. He is the current Chief Executive Officer of Sintana Energy Inc., a publicly listed exploration company with operations in Colombia. In addition, Mr. Manner was also Senior Vice President and Chief Operating Officer of Kosmos Energy, LLC. (a private energy company exploring for oil and gas in the offshore regions of West Africa and responsible for the Jubilee Discovery, one of the largest discoveries in West African history). Mr. Manner holds a Bachelor's of Science degree in mechanical engineering from Rice University and is a professional engineer certified by the Texas Board of Professional Engineers and the Association of Professional Engineers, Geologists and Geophysicists of Alberta. He is a member of the Society of Petroleum Engineers and a previous member of the Petroleum Society of Canada.

Ian Macqueen, P.Geol. - nominated as an Independent Director

Mr. Macqueen is currently an Equity Research Analyst with Paradigm Capital. Mr. Macqueen was formerly an energy analyst with CIBC World Markets, Versant Partners, Macquarie Capital Markets/Orion Securities and Dundee Securities in Calgary. In addition, Mr. Macqueen previously spent 5 years as an A&D specialist with Waterous and Co. in Calgary, as well as, 5 years in the oil and gas industry. He is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

Jason Bednar, CA - nominated as an Independent Director

Mr. Bednar is a Chartered Accountant with nearly 20 years of professional experience. Mr. Bednar is currently an independent businessman and has served as the Chief Financial Officer of Sagres Energy Inc. and Chief Financial Officer of MENA Hydrocarbons Inc. He was the founding Chief Financial Officer of Pan Orient Energy Corp., a South East Asia Exploration company, past Manager of Financial Reporting for Canadian 88 Energy Corp. and former Controller of Canadian Superior Energy Inc. He has served on the board of directors of Canacol Energy Inc. and Solimar Energy Limited. He is a member of the Institute of Chartered Accountants of Alberta.

Financial Update

The Company has received the previously announced payments totalling US\$3.0 million from Aera with respect to the parties' farm-in agreement in California. Currently, the Company has approximately \$12.0 million in cash and no debt. The Company believes that it currently has adequate resources to carry out its anticipated capital programs in Montana and Alberta and satisfy all ongoing costs.

Proposed Consolidation

As previously announced, the Company will be seeking the approval of shareholders to potentially pursue a stock consolidation (the "Consolidation") of up to 15 pre-consolidated shares for each post-consolidation share, or such lesser ratio that the Board, in their sole discretion, may determine to be appropriate. The Consolidation would result in the 432,057,559 pre-Consolidation common shares that are currently outstanding being reduced to approximately 28,803,837 post-Consolidation common shares, subject to rounding related to fractional shares.

The Company believes that a more appropriate share structure for a company of its size and the mitigation of the inherent volatility in its stock price given its current share structure may enhance its marketability to the benefit of all shareholders. Management believes that although the company is well capitalized to fund its planned capital programs and operating expenditures, the ability to access capital markets, if necessary, opens up a number of opportunities that the Company currently may not be able to pursue due to the TSX Venture Exchange ("TSXV") minimum pricing rules for financings. The Consolidation is subject to shareholder approval at the upcoming Meeting and to TSXV acceptance.

About Zodiac

Zodiac is an Oil & Gas Exploration company with headquarters in Calgary, Alberta and offices in Bakersfield, California. Zodiac holds approximately 72,000 net acres of land in the prolific Monterey/Kreyenhagen Oil

Shale formations in California's San Joaquin Basin. The Company also holds approximately 55,000 net acres in Alberta which are prospective in the Duvernay formation. Zodiac has farmed in on approximately 12,000 acres in Montana.

For more information, please contact:

Zodiac Exploration Inc.

Lee A. Pettigrew, President & CEO
(403) 444-7842
lee@zodiacexploration.ca or

John Newman, Chief Financial Officer
(403) 444-7850
john@zodiacexploration.ca

Forward Looking Information

This news release contains certain forward-looking statements relating, but not limited, to the status of monetization negotiations in California, the expected drilling date and costs with respect to the Company's properties in Montana, the extension of the Company's farm in agreement with DeCa Resources Inc., the timing and cost of the Company's vertical well program in Alberta, the effect the nominees will have on the Board and the Company, the Company's ability to carry out its capital programs and satisfy ongoing costs, the Consolidation, the marketability of Common Shares post-Consolidation and the ability to secure financings. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", or similar words suggesting future outcomes. The Company cautions readers and prospective investors in the Company's securities not to place undue reliance on forward-looking information as, by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company. Forward-looking information is based on management's current expectations and assumptions regarding the status of monetization negotiations in California, the expected drilling date and costs with respect to the Company's properties in Montana, the extension of the Company's farm in agreement with DeCa Resources Inc., the timing and cost of the Company's vertical well program in Alberta, the effect the nominees will have on the Board and the Company, the Company's ability to carry out its capital programs and satisfy ongoing costs, the Consolidation, the marketability of Common Shares post-Consolidation and the ability to secure financings. Although the Company believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect.

Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those anticipated by the Company, including but not limited to risks associated with oil and gas exploration, development, volatility of commodity prices, currency fluctuations, inability to retain drilling services, delays resulting from or inability to obtain required regulatory approvals, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources and economic or industry condition changes. The forward-looking information included herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information included herein is made as of the date hereof and the Company assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.

The market and industry data contained in this press release is based upon information from independent industry and other publications and websites. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. None of these sources have provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Company. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. While the Company believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from third party sources referred to in this press release or ascertained the underlying assumptions relied upon by such sources.

The term barrels of oil equivalent ("boe") 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/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.

Neither the TSXV nor its Regulation Services Provider (as defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

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