



Madalena Energy

Nov 27th 2014

Madalena's Q3 revenues surge as production spikes 300%

Madalena Energy (CVE:MVN) (OTC:MDLNF) has quadrupled its production from a year ago, which has led to a 538 percent increase in oil and gas revenues in its latest quarter.

The oil and gas junior, with plays in Argentina and Canada, posted revenue of \$30.86 million for its third quarter ending September 30, up sharply from \$4.8 million in the year-ago period.

The company in June acquired the Argentinean assets of Gran Tierra, boosting its concessions across the country to 14 over 1 million net acres of land, with a major foothold in an area dominated by industry majors such as YPF, Chevron, Total and Exxon. It is focused on developing the unconventional Vaca Muerta and Agrio shales in addition to multiple tight sand plays, as well as developing high impact conventional plays.

It also has existing production in the Great Paddle River area of west-central Alberta in Canada, and holds 150 net sections of land with light oil and liquids-rich gas resources.

Average production in the third quarter for Madalena was 4,707 barrels of oil equivalent per day, a dramatic surge from the 1,177 boe/d in the same quarter of 2013.

The company benefited from higher average sales prices of \$71.28 per boe in the quarter, up from \$44.72 per boe last year. Operating netbacks --- a key metric in the industry --- jumped to \$34.29 per boe from \$14.82 per boe.

Funds flow from operations, an adjusted measure, spiked 379 percent to \$8.75 million from \$1.83 million in the year ago period. The company's net income was flat on a per share basis.

Madalena said the third quarter was highlighted by its accretive acquisition of Gran Tierra's Argentinean assets, as well as the new horizontal oil and gas discovery in the Nordegg formation on its western Canadian assets. The new discovery flowed continuously and ended its initial clean-up period flowing at a rate of 718 boe/d. It also drilled, completed and placed on production its third Sierras Blancas light oil well in Argentina, at a rate of 910 boe/d, with a fourth horizontal to start drilling shortly.

The Calgary, Alberta-based company said it continues to be well positioned heading into an active 2015 year and expects to be in a positive working capital position with no debt at the end of 2014. It has already begun the planning for the drilling of multiple high impact plays in Argentina next year, focused on the Loma Montosa oil resource, the Sierras Blancas light oil pools, the Vaca Muerta and Agrio shales and other liquids rich plays.

Argentina is estimated to hold 27 billion barrels of technically recoverable oil and 802 trillion feet of technically recoverable shale gas, much of it attributed to the prized Vaca Muerta shale formation in the Neuquen basin, the fourth largest shale oil deposit in the world.

The oil and gas producer has an estimated 500 boe/d of production additions to be brought on stream in the first quarter from recent drilling and completion operations completed in the fourth quarter, according to Madalena's statement. The

1 Year Share Price Graph



Share Information

Code: MVN
Listing: TSX-V
Sector: Oil and Gas Exploration and Production
Website: www.madalenaenergy.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. Madalena's strategy is to create value and provide superior returns to our shareholders through the generation of a balanced portfolio of high quality oil and gas assets in proven hydrocarbon areas characterized by competitive fiscal terms and significant development potential.

Author:
Deborah Bacal +61 2 9299 5001
action@proactiveinvestors.com.au



company said it is also working on optimizing production in Argentina and Canada.

"The company is focused on maintaining a balanced approach comprised of implementing horizontal drilling and completions technology across its oil assets both in Argentina and Canada and the delineation of the company's unconventional shales and tight sand resources in Argentina," Madalena said of its outlook for next year.

It exited the third quarter with working capital of \$18 million, no debt and \$13 million in unused credit facilities. The company will continue to seek opportunities to bolster shareholder value including non-core asset sales and strategic joint ventures, it said.

You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made.

However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The contributors make every effort to ensure that the information and material contained in this report is accurate and correct and has been obtained from reliable sources. However, no representation is made about the accuracy or completeness of the information and material and it should not be relied upon as a substitute for the exercise of independent judgment. Proactive Investors does not accept any liability, including negligence, for any loss or damage arising from the use of, or reliance on, the material contained in this report. There are general risks associated with any investment in securities. Investors should be aware that these risks might result in loss of income and capital invested.

WARNING: No recipients should rely on any recommendation (whether express or implied) contained in this document without obtaining specific advice from their advisers. All investors should therefore consider the appropriateness, in light of their own objectives, financial situation and/or needs, before acting on the advice.

DISCLOSURE: The Company, its directors, associates, employees or representatives may not effect a transaction upon its or their own account in the investments referred to in this report or any related investment until the expiry of 24 hours after the report has been published.