



# Madalena Energy

Nov 1<sup>st</sup> 2013

## Shell CFO's positive comments on Argentina supportive of Madalena Energy: Haywood Securities

Analysts are taking note of Madalena Energy (CVE:MVN) following a conference call today with Shell's CFO, who made a reference to Argentina drilling "looking good", with the area slated to be the next development region.

Madalena is focused on multi-billion barrel potential on three blocks within Argentina's Neuquen basin. It holds 135,000 net acres on the Coiron Amargo, Curamhuele and Cortadera blocks, seeking joint ventures to the appraisal of its shale resources in the Vaca Muerta formation. It has estimated contingent and prospective resources of 2.9 billion barrels in Argentina.

"We are drilling in the Vaca Muerta in Argentina, which looks good, early days but we have two rigs down there," said the Shell (NYSE:RDS.A, RDS.B) chief financial officer on the conference call with analysts and investors. "There are plenty of basins around the world that offer development opportunity but for now its West Canada and Permian that are the main liquids rich focus, with Argentina probably the next one."

Haywood Securities analyst Darrell Bishop said the comments are a positive for Madalena, as they provide another data point supporting the capital markets firm's early call that investment sentiment is improving in the country, with "industry getting back to work".

Indeed, Shell is drilling in an area that directly offsets Madalena's Coiron Amargo block in the sweet spot of the Nequen Basin, and is in the vicinity of the recent joint ventures Haywood's analyst has been highlighting. The Nequen Basin in Argentina has been witness to a recent bustle of activity by oil majors, including between state-owned YPF and Dow Chemical, Chevron, and Bidas/CNOOC, as well as the most recent joint venture by GyP and Wintershall. Bishop wrote in his note, pointing out a valuation disconnect, that Madalena's Argentina lands are valued at about \$750 per acre, compared to majors who are currently transacting at upwards of \$10,000 an acre.

He also highlights that investors shouldn't lose sight of Madalena's existing production in Canada, with the company holding more than 150 net sections of land in the Greater Paddle River area of Alberta. It has three resource plays there currently at an early stage, with a high weighted interest and operated infrastructure.

"We continue to highlight Madalena as one of the best positioned to benefit from an ongoing macro turnaround in Argentina," concluded Bishop, based on the proximity of the company's assets to the sweet spot of the basin and to large industry joint ventures, as well as Madalena's ongoing joint venture process. This comes on top of its Canadian assets, "where strong operational momentum is building in the background".

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**Price:** C\$0.55

**Market Cap:** C\$186.28M

### 1 Year Share Price Graph



### Share Information

**Code:** MVN

**Listing:** TSX-V

**Sector:** Oil & Gas Exploration & Production

**Website:** www.madalena-ventures.com

### Company Synopsis:

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

### Author:

**Deborah Bacal** +44(0)1202770386

action@proactiveinvestors.com



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