



Madalena Energy

Jan 7th 2015

Madalena Energy updates on 2015 capital program

Madalena Energy (CVE:MVN) (OTC:MDLNF) said it plans to defer C\$3.6 million of its budgeted capital spending this year given recent changes to oil prices in Argentina.

In December, the company's board had approved a capital budget of up to C\$48 million, based on a US\$80 per barrel Medanito oil price.

In Argentina, which is where Madalena sells oil from its Argentine operations, oil prices are determined by the government for product sold into the domestic oil market.

Madalena said today that regulators in Argentina set January 2015 oil pricing at approximately US\$77 per barrel for Medanito crude quality oil, compared to the December 2014 posted price of US\$83.90 per barrel.

The company noted that the new price is still about 37 percent higher than the comparative period Brent price of US\$56 per barrel.

The Argentina-focused oil and gas producer, which also has operations in the Great Paddle River area of west central Alberta in Canada, said every dollar change in oil price in Argentina represents about +/- C\$1 million to the full year funds flow of the company.

About 90 percent of the company's oil production is priced relative to Argentina's regulated oil prices. As a result, it said it continues to be well positioned and expects to fully fund this year's capital program with proceeds from operations and existing working capital.

It also anticipates ending 2015 with positive working capital.

In December, Madalena said it plans to focus on its strategic unconventional resource plays in Argentina this year. It also issued a separate statement in response to shareholder Maglan Capital's accusations that Madalena has failed to deliver value for stakeholders, saying it has appointed a special committee of three independent directors to address concerns.

Madalena 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.

Whatever 2015 capital does not focus on its strategic unconventional plays in Argentina will go towards conventional development in Argentina, as well as to operational improvements to reduce costs and provide necessary infrastructure.

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Price: C\$0.255

Market Cap: C\$128.641M

1 Year Share Price Graph



Share Information

Code: MVN

Listing: TSX-V

Sector: Oil & Gas Exploration & 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.

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