



Madalena Ventures

Jul 30th 2013

Madalena Ventures brings Argentina shale potential forward with more drilling started

Madalena Ventures (CVE:MVN) is moving forward with its plan to unlock unconventional oil and gas resources within the prolific Nequen basin in Argentina, saying it has started a multi-well drilling program at its Coiron Amargo block while it also continues to make progress at its other two blocks in the region, where recent changes have created a more investment-friendly climate.

The upstream oil and gas company, which also has existing production in Canada, holds three blocks in the Nequen basin in Argentina, focused on delineating resources in the Vaca Muerta and Lower Agrio shales, alongside tight sand plays and conventional zones of interest. Its properties span 135,000 net acres across the Coiron Amargo, Cortadera and Curamhuele blocks, the latter of which the company is looking to joint venture.

In an operations update Tuesday, the company said that in the southern portion of the Coiron Amargo block, in which it has a 35 per cent working interest, it has started the first well of a multi-well program, with the primary target being the Vaca Muerta shale. Drilling is expected to last up to four weeks, with completion operations to follow.

At Cortadera, where Madalena holds a 40 per cent working interest, the company has agreed with its partner Apache to progress the block and re-enter the deep test originally drilled as a Vaca Muerta shale gas discovery in early 2012, in the fourth quarter. The company said the CorS.X-1 location was cased to a depth of 4,500 metres, with four zones of interest identified through log interpretation and analysis.

Meanwhile, at Curamhuele, Madalena is moving forward with RBC Capital Markets as its financial advisor to help find a potential joint venture partner to develop the asset, in which it holds a 90 per cent working interest. Of note, Chevron, Total, Exxon and Apache hold blocks that are adjacent to the Curamhuele block.

Mackie Research analyst Bill Newman reiterated his buy rating and \$2.05 price target on the company on the back of the update today, saying the Canadian junior continues to make progress on all three of its blocks located in Argentina.

"A high volume test from the CorS.X-1 well on the Cortadera block or securing a partner for the Curamhuele block should be a major catalyst for the stock," he said.

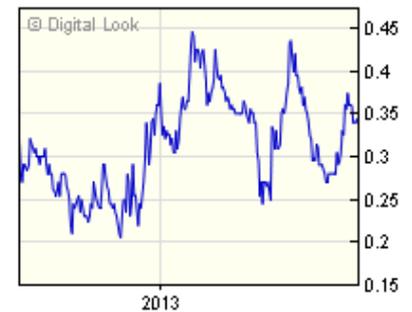
Indeed, the company has received much attention from the analyst recently, in light of recent developments in Argentina, including a decree earlier this month that provides for new incentives for large investments into the oil and gas sector, with companies that invest over US\$1 billion over a five year period to be allowed to sell 20 per cent of their production at world prices, without paying export taxes. This was followed by Chevron and YPF completing a US\$1.24 billion joint venture deal that should see 100 wells drilled over the next 18 months targeting the Vaca Muerta shale.

Earlier this week, Mackie's Newman wrote in a report that these events make emerging companies operating in the region with prime acreage positions in the shales, including Madalena and Americas Petrogas (CVE:BOE), well positioned to benefit "from the start of a more investment-friendly environment in Argentina".

Price: C\$0.35

Market Cap: C\$109.05M

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



According to a Ryder Scott resource assessment from earlier this year, there are a total of 2.86 billion barrels of oil equivalent of recoverable resources (net to Madalena) across its three blocks within the Neuquen basin, of which approximately 2.0 billion boe net hails from the Vaca Muerta shale alone. The estimate also showed there are 1.3 billion barrels of oil equivalent gross prospective resources of Vaca Muerta shale potential on Madalena's Curamhuele block.

With the strengthening commodity prices, and improving investment climate, Newman wrote in his report that he believes there is a higher probability that a farm-out deal will be completed in 2013.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us ■ +44 (0)1202 770386 ■ action@proactiveinvestors.com

No investment advice

Proactive Investors UK Limited, trading as "Proactiveinvestors United Kingdom", is authorised and regulated by the Financial Services Authority. Registered in England with Company Registration number 05639690. Group VAT registration number 872070825 FSA Registration number 559082. 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.